CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FOURTH SESSION—TWENTY-FOURTH PARLIAMENT

9-10 ELIZABETH II

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HOUSE OF COMMONS

Monday, February 20, 1961

The house met at 2.30 p.m.

STANDING ORDERS

CONCURRENCE IN THIRD PEPORT OF STANDING COMMITTEE

Miss Margaret Aitken (York-Humber) moved that the third report of the standing committee on standing orders, presented to the house on Thursday, February 16, 1961, be now concurred in.

Motion agreed to.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING INVESTMENT AND OTHER POWERS

Hon. Donald M. Fleming (Minister of Finance) moved the first reading of Bill No. S-5 (from the Senate) to amend the Canadian and British Insurance Companies Act.

Motion agreed to and bill read the first time.

FOREIGN INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING CLASSES OF ASSETS THAT MAY BE HELD

Hon. Donald M. Fleming (Minister of Finance) moved the first reading of Bill No. S-6 (from the Senate) to amend the Foreign Insurance Companies Act.

Motion agreed to and bill read the first time.

MOTIONS FOR PAPERS

UNEMPLOYMENT INSURANCE MANUAL, 1955

Motion No. 47—**Mr. Roberge:**

For a copy of the new insurance coverage manual issued in October 1955 by the unemployment insurance commission.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I have been advised by the unemployment insurance commissioners that these manuals contain operational instructions, that they fall within the class of internal communications within the department, and that on that ground they are privileged documents. In view of that I would ask that the hon. member consider dropping this motion.

Mr. Winch: May I ask the minister why there is so much secrecy about documents of this nature?

Mr. Speaker: Is the hon. member content to drop the motion?

Mr. Roberge: Yes.

Order discharged and motion withdrawn.

UNEMPLOYMENT INSURANCE MANUAL, 1950

Motion No. 48—**Mr. Roberge:**

For a copy of the insurance coverage manual issued in January 1950 by the unemployment insurance commission.

Hon. Michael Starr (Minister of Labour): The same observation applies to this motion, and I would ask the hon. member to consider dropping it.

Mr. Winch: May I ask the same question? Why is there so much secrecy about these documents?

Mr. Martin (Essex East): May I ask the minister to let this motion stand? His suggestion that it has always been the practice to regard these documents as privileged is not fully accepted at this moment, and I do not think that is the practice, in the particular context.

Mr. Speaker: Order. The motion is not debatable. If the hon. member in whose name it stands is not content to have it withdrawn, it should stand.

Mr. Churchill: On a point of order, the hon. member for Essex East does not accept the minister's statement that it is a privileged document, I do not believe it is within the competence of the hon. member to reject the statement made by a minister of the crown. It is a matter for the disposition of the house.

Mr. Winch: In view of the fact that the minister—

Mr. Speaker: Order; this is not a debatable motion.

Mr. Winch: The point of order is debatable, sir.

Mr. Speaker: When a motion is called it is open to a minister whose department is concerned to object to the production of a document on the ground that the production is contrary to public policy. It is open to the house to disregard that objection and pass the order, but it is not a debatable motion.

As I understand it, the hon. member for Megantic wishes this motion to stand.

Mr. Starr: Under the circumstances I would have to refuse the motion.

Mr. Speaker: Does the hon. member wish to proceed with the motion?

Mr. Roberge: Under the circumstances I will withdraw the motion.

Order discharged and motion withdrawn.

ROADS TO RESOURCES PROGRAM, QUEBEC

Motion No. 49—**Mr. Martel:**

For a copy of all contracts and agreements entered into by the federal government and the province of Quebec with respect to the roads to resources program, together with copies of all riders and schedules pertaining thereto.

Hon. G. E. Halpenny (Minister without Portfolio): I wonder if this motion could stand, since the minister is unable to be present this afternoon?

Motion stands.

ORDERS IN COUNCIL FIXING DUTIES

Motion No. 50—**Mr. Benidickson:**

For copies of orders issued by the Minister of National Revenue since December 1, 1958, under the provisions of section 38 of the Customs Act for the purposes of fixing duties.

Hon. George C. Nowlan (Minister of National Revenue): This is acceptable, subject to the usual reservations.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if the minister would explain his statement, "subject to the usual reservations"?

Mr. Nowlan: I do not have to explain it; it is well known to the house.

Mr. Pickersgill: I am rising on a point of order. This phrase "the usual reservations" is, of course, an amendment to the motion, and an amendment to the motion would have to be considered by the house. There does not appear to be anything in this motion that would call for any of the reservations usually made, and if the minister is not prepared to say what is involved, then we are being asked to accept something blindly. We should be either told what the reservation is or the motion should be dealt with as it stands.

Mr. Nowlan: This is not debatable. When the hon. member was sitting here he used the expression many times. He knows full well what is meant by that expression. He is simply putting on an act at the moment. It may be that privileged departmental documents are involved. I do not know what is involved in this motion and I am therefore accepting it subject to the rules and practices of this house.

[Mr. Speaker.]

Mr. Pickersgill: The minister has seen fit to make a statement about me personally which is in fact completely untrue. I never used this phrase "subject to the usual reservations". This phrase was not used until the present government came into office. It is an innovation which I suggest is a bad practice, to which I have once or twice before taken exception and to which I take the strongest possible exception now. Either the motion should be put as is or the minister should make a formal amendment.

Mr. Cardiff: Go back through *Hansard* and you will find plenty of cases.

Mr. Pickersgill: Not that phrase.

Mr. Speaker: The hon. member takes exception, as a point of order, that in effect the minister proposes a qualification to the order which the house is asked to make, and that in doing so he is proposing an amendment to the motion itself which would have to be proceeded with in the ordinary way.

I think there is some substance to that point of order. We have adopted the practice here of accepting the reservation expressed by a minister and putting the motion subject to that reservation. I think that procedure either implies the unanimous consent of the house—and it is on that basis that I have proceeded in the past—or it implies that the house unanimously accepts the limitation as part of the motion. If hon. members want to go through the full process, I suppose there is a point to be considered. Perhaps the motion might stand today and I will consider the matter and ascertain whether the practice we have been following is, in fact, contrary to our standing orders.

Mr. Nowlan: On the point of order, Mr. Speaker, may I simply say that it is the practice that has been followed ever since I have been in this House of Commons and it had been followed for years prior to that time. The house has, of course, no right to pass an order which is contrary to the practice and the conventions which have been established by it. That is all that was said, namely that we accept this order subject to the usual reservations, whatever they may be in the particular instance of this particular order. There may be no reservations, or there may be reservations. It is impossible to decide that matter until one goes through the whole file. Whether the order is called today or a week from now, the same reservation will be taken.

Mr. Speaker: We have been following this practice, but as the point is taken formally, I shall deal with it on the next occasion when these motions come up for consideration.

Motion stands.

CAUSEWAY CONSTRUCTION, P.E.I.-N.B.

Motion No. 51—**Mr. Robichaud:**

For a copy of all correspondence, telegrams, and other documents exchanged from September 1, 1960, to date, between the federal government or any agency or department thereof, with the government of the province of Prince Edward Island, in connection with the construction of the proposed causeway across Northumberland strait to link Prince Edward Island with New Brunswick.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I shall be very happy to accept this order with the usual reservation; but to save the time of the house and for the information of the hon. member for Bonavista-Twillingate I may say that the usual reservation is that we are required under the rules of the house or the practice of the house to get the consent of the province. In this case it is the province of Prince Edward Island. Perhaps that statement will satisfy the hon. member for Bonavista-Twillingate.

Mr. Speaker: The minister has indicated that the motion is acceptable, subject to the limitation that the consent of one party to the correspondence, namely the province, be obtained before the order be filed. Subject to that reservation or limitation expressed by the minister, is it the pleasure of the house to adopt the motion?

Motion agreed to.

MUNICIPAL HOUSING DEVELOPMENT, TECK MUNICIPALITY, ONT.

Motion No. 52—**Mr. Peters:**

For a copy of all correspondence, telegrams, and other documents exchanged between the federal government and the council of the municipality of Teck, relating to a proposed municipal housing development.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, this motion is accepted without reservation, because the same practice does not apply to municipalities.

Motion agreed to.

FEDERAL BUILDING, KIRKLAND LAKE, ONT.

Motion No. 53—**Mr. Peters:**

For a copy of all correspondence, telegrams, and other documents exchanged between the federal government and the municipal council of the township of Teck, concerning the building of a new federal building in Kirkland Lake.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, this motion is also accepted, and perhaps no explanation is necessary.

Motion agreed to.

CAMPBELLTON-CROSS POINT BRIDGE

Motion No. 55—**Mr. Robichaud:**

For a copy of all correspondence, telegrams, and other documents exchanged since June 21, 1957, between the Department of Public Works and any individual, engineering consultant firms or others in connection with plans and specifications for the Campbellton-Cross Point bridge, including correspondence exchanged with any groups or syndicate prior to the approval of the project and up to this date.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, this motion is accepted on the understanding that correspondence, between the engineering consultants employed by the government and any group or syndicate should be considered privileged, as it is departmental correspondence and is privileged.

Mr. Speaker: Subject to the limitation expressed by the minister, is it the pleasure of the house to adopt the motion?

Mr. Martin (Essex East): No; on division.

Motion agreed to.

REMOVAL OF GENERAL MOTORS PLANT FROM WINDSOR

Motion No. 56—**Mr. Martin (Essex East):**

For a copy of any written communication or a record of any exchange between the government and General Motors on the subject of an unfounded report of a removal of General Motors plant from Windsor.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, there is no objection to this question, except that my instructions are that it should be accepted with the usual reservations. If the hon. member objects to that I shall have to ask him to let it stand.

Mr. Martin (Essex East): In view of that, will the hon. lady kindly let it stand?

Motion stands.

INCOME TAX

REPORTED STATEMENT BY MINISTER OF NATIONAL REVENUE

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I would like to address a question to the acting prime minister, who I assume is the Minister of Finance (Mr. Fleming). I wonder whether the minister has seen a reported statement by his colleague the Minister of National Revenue, who sits with him traditionally on budget preparation committees, and whether he concurs in the statement reported to have been made by the Minister of National Revenue in London the other day, that in the next budget income tax increases are more likely than reductions, and that the next budget would undoubtedly have a deficit.

Inquiries of the Ministry

Mr. Speaker: Order. The hon. member could scarcely find out what the next budget will contain by asking a question on orders of the day, and it seems to me that is the purport of his question.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, surely the hon. member's question is in order, in view of the statement reported to have been made on this particular matter by the Minister of National Revenue.

Mr. Hazen Argue (Assiniboia): On a point of order, Mr. Speaker, it is a well established custom that there shall be no budget leaks before the budget is made public. Here was a very definite statement by the Minister of National Revenue as to the contents of the next budget.

Mr. Speaker: Order. The hon. member is not on a point of order. If the hon. member's question relates to whether a statement made by the Minister of National Revenue was a declaration of government policy, I suppose it could be asked.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, perhaps I had better answer this question, since I am the one to whom reference is made. In the first place, there could be no budget leak in view of the fact that due to the opposition we have not yet passed the budget that was brought down in December. Therefore it would be rather difficult to deal with future budgets.

What I said was this. I have the text in front of me, and this was a prepared text:

> I think in the present state of international unrest and uncertainty one would not expect the government to substantially cut its expenditures—at this time.

I do not think that is a statement of budget policy. I repeat what I said:

> I think in the present state of international unrest and uncertainty one would not expect the government to substantially cut its expenditures—

I was not talking about income tax.

> —at this time.

It is true that afterwards I was asked by someone in an off the cuff reference as to the chances of increased taxes. I said that in view of the unrest of the day, the Congo situation and all the uncertainties with which the government was confronted, one might also assume that increases were almost as likely as decreases. Again, if that is a statement of government policy which, of course, it is not, then goodness help the government that makes such a statement of policy.

Mr. Pickersgill: Just loose talk.

[Mr. Benidickson.]

UNITED NATIONS

CONGO—INQUIRY AS TO SUPPORT FOR GHANA PROPOSALS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I would like to direct a question to the Acting Secretary of State for External Affairs. In view of the report from the United Nations secretary general's representative in the Congo to the effect that at least seven political prisoners have been deported to Mr. Kalonji's secessionist mining state and that three are rumoured to have been killed, all this indicating once again that the present United Nations command in the Congo has failed in its mission of bringing peace to that troubled land, will the government back the plan of the president of our sister commonwealth nation of Ghana, Mr. Nkrumah, that a new all-African United Nations command take over the Congo, disarm Congolese troups, free political prisoners and convene parliament?

Hon. E. D. Fulton (Acting Secretary of State for External Affairs): I thank the hon. gentleman for having given me notice of this question, but in the circumstances I am sure he will appreciate that without in any way accepting his preamble to the question as a statement of fact, the only proper course would be to bring this to the attention of the Secretary of State for External Affairs and ask him to make a statement or reply on his return.

CONGO—CONSIDERATION AT SPECIAL OR GENERAL ASSEMBLY MEETING

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): In the absence of the Secretary of State for External Affairs I should like to direct a question to his parliamentary assistant, or to his deputy at the United Nations. Is any consideration being given to the report that a special meeting of the United Nations may be called to deal with the Congo situation and, if not, does the hon. gentleman anticipate that at the reconvened general meeting, which will take place on March 7, the Congo situation will be the first issue to be considered?

Mr. W. B. Nesbitt (Parliamentary Secretary to the Secretary of State for External Affairs): In reply to the first part of the question may I say I should like to have that stand until the return of the Secretary of State for External Affairs. With regard to the second part of the question, our information is that the United Nations general assembly will be reconvened on March 7 and I would think it very likely that the question of the Congo would be discussed at that time.

BUSINESS OF THE HOUSE

EXTERNAL AFFAIRS—REQUEST FOR EARLY DEBATE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. In view of the answer just given me by the parliamentary secretary to the minister of external affairs, and in view of the information that there is no knowledge about any special session of the general assembly of the United Nations but that he expects the assembly will reconvene on March 7, is any consideration being given by the government to the holding of one or two days' discussion in this house on foreign affairs prior to the reconvening of the fifteenth general assembly on March 7?

Hon. Donald M. Fleming (Acting Prime Minister): Mr. Speaker, there was not very much encouragement given to such proceeding as a result of the government's attempt to accommodate the similar request made in this house a couple of months ago. However, if there is a request, apart from the debate that will no doubt take place on the reference of the department's estimates to the standing committee on external affairs, that can be taken into consideration and the leader of the house can take note of the request.

Mr. Winch: I am sorry; may I ask the Acting Prime Minister whether I understand from the reply he gave me that the government will give consideration to the house discussing international affairs prior to the March 7 reconvening of the United Nations if the official opposition will play ball and allow it?

Mr. Fleming (Eglinton): Mr. Speaker, in my answer I drew attention to what happened on the last occasion that such a request was made—

Mr. Winch: That was not our fault.

Mr. Fleming (Eglinton): —by the opposition. A date was set aside for the purpose of accommodating the request; then on that occasion the official opposition took a position which precluded the debate from proceeding. On that occasion the hon. member had made a similar request, and I indicated that consideration could be given to his request on this occasion, with a recollection of what had happened on the last occasion.

Hon. L. B. Pearson (Leader of the Opposition): On a point of order, since the minister has seen fit to elaborate on this matter, I should like to say, as the minister knows perfectly well, that the circumstances surrounding the proposal for a debate on external affairs last time were such as to make that debate completely ineffective and that was why we objected to it.

Mr. Fleming (Eglinton): That was not the reason given by the official opposition at all.

Mr. Winch: That is not an answer. My question is—

Mr. Speaker: Order. The hon. member has had one supplementary. If he has not got it clarified now I think we might pass on to orders of the day.

SHIPPING

NEW BRUNSWICK—REQUEST FOR ICEBREAKER TO RELIEVE FLOOD CONDITIONS

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I wish to direct a question to the Minister of Transport. Would the minister inform the house whether he has received any request from Saint John or Fredericton that a government icebreaker be sent up the Saint John river as far as Fredericton in order to relieve heavy flood conditions expected in that area with the thaw. If so, has any decision been reached by his department in the matter?

Hon. Leon Balcer (Minister of Transport): No such request has reached my office yet.

COMBINES

INQUIRY AS TO INVESTIGATION OF ELECTRICAL COMPANIES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to direct a question to the Minister of Justice. In view of the fact that senior officials of a number of companies in the United States have been imprisoned and fined for violation of the law with respect to their monopoly practices, has the minister instructed officials of the Combines Investigation Act administration to commence an investigation to ascertain whether the subsidiaries of these companies in Canada are guilty of the same practices?

Hon. E. D. Fulton (Minister of Justice): I wish to thank the hon. gentleman for having given me notice of this question. I can assure him that it is not necessary for me to give special instructions to the officials of the combines investigation branch in order to ensure that those officials are on the lookout for any improper or monopolistic practices.

Inquiries of the Ministry

TRANS-CANADA HIGHWAY

QUEBEC—INQUIRY AS TO REPORTED CHANGE OF ROUTE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Public Works and ask whether he has approved the proposed route of the trans-Canada highway in the province of Quebec as recommended by the provincial authorities, the route which goes through Ile aux Tourtres instead of Ile Perrot.

Hon. D. J. Walker (Minister of Public Works): The decision in connection with the route of the trans-Canada highway is a matter for each province with regard to that part of the highway which lies within that province. We are asked to consent to the route on which they decide and, tentatively, we have consented to the proposed route referred to by the hon. member for Laurier.

Mr. Chevrier: May I ask a supplementary question. Is the minister aware that one of his cabinet colleagues at a meeting in Dorion recently protested against this route? How does he reconcile this with the principle of cabinet solidarity?

Mr. Speaker: Order. On reflection, if the hon. member wants to ask a question on cabinet solidarity I suppose he might ask it.

Mr. Walker: I have not read the article, and hearing this at second hand from the hon. member for Laurier I would not accept it as a facsimile of what was said.

Some hon. Members: Why?

Mr. Walker: In the circumstances I will look into the matter in due course. In any event, I do not think I am called upon to answer a question which is, at best, facetious.

Mr. Chevrier: May I ask the minister a further question. Would the minister accept the statement as being first hand if I sent it over to him in a press clipping which appeared over the week end?

Some hon. Members: No.

Mr. Speaker: Order.

AGRICULTURE

INQUIRY AS TO ENLARGEMENT OF PUBLIC RELATIONS STAFF

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Can the parliamentary secretary to the Minister of Agriculture say whether the minister is making extensive additions to his public relations and information staff?

[Mr. Fulton.]

Mr. W. H. Jorgenson (Parliamentary Secretary to the Minister of Agriculture): I will take that question as notice.

Mr. Pickersgill: Is the hon. gentleman not aware of it?

NATIONAL DEFENCE

POINT EDWARD NAVAL BASE—SERVICES OF COMMISSIONAIRES

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I should like to direct a question to the Minister of National Defence or to his parliamentary secretary, notice of which has been given. This question is prompted by a communication received from the Canadian corps of commissionaires employed at the naval base, and also from the Canadian Legion at Sydney Mines. Can the minister advise whether his department is giving consideration to dispensing with the services of the commissionaires at this base, all of whom of course are veterans?

Mr. Egan Chambers (Parliamentary Secretary to the Minister of National Defence): I should like to thank the hon. member for sending notice of this question to the associate minister, who is unable to be present in the house today. This question arises because of the study that has been going on at some naval stations to see whether a partial integration of security and firefighting services would be beneficial. At some locations this integration has been implemented; at others, one of which is Point Edward naval base, the responsible officers of the department have recommended that no change be made in the present arrangements.

CANADIAN BROADCASTING CORPORATION

LACOMBE, ALTA.—REPORTED INTENTION TO MOVE STATION

On the orders of the day:

Mr. J. S. Speakman (Wetaskiwin): Is the Minister of National Revenue in a position to reply to the question which I asked on February 16 with regard to the removal of the CBX transmitter station from Lacombe, Alberta?

Hon. George C. Nowlan (Minister of National Revenue): I do not want to give a formal answer to that question today, Mr. Speaker. I have a report coming to me in writing which I have been advised about, and I prefer to wait until I get the written reply.

SUPPLY

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee of supply.

UNEMPLOYMENT—GOVERNMENT MONETARY POLICY AND DEBT MANAGEMENT

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, last week we learned that on January 15 in this country 10.8 per cent of the labour force were out of work; that this was the highest level of unemployment for any month since the war, indeed for 20 years, and that it is the highest level of unemployment reached in any western industrialized country.

It is indeed, Mr. Speaker, a sad and worrying situation to the members of this house and particularly, I believe, to the Minister of Labour, who has a special responsibility for employment matters. It is no help in finding ways and means of alleviating this situation to have ministers of the crown travel around the country and, instead of putting forth positive proposals to deal with it, making sneering remarks about the attitude of the opposition when these figures, so distressing to everybody, are brought forward in the house. The other day the Minister of Trade and Commerce, who I am sorry to say is not in the house today, had this to say in a speech at Arnprior:

> It is refreshing to see a man like President Kennedy face the facts before the nation.

It would have been even more refreshing after three and one half years to see the Canadian government not only face these facts but do something that would deal effectively with them. Until recently the government refused to see these facts, so obviously it was difficult for them to deal with them. In early 1960, when we on this side begged for action in this situation, which was serious enough then, we got reassuring statements from members of the government and we got criticism ourselves for daring to bring these matters forward as prophets of doom and gloom. The budget speech of the Minister of Finance last April is the best example of that kind of reaction.

Mr. Fleming (Eglinton): It was in March.

Mr. Pearson: In March; I beg your pardon. More recently, Mr. Speaker, we have had the Prime Minister's refusal to agree that the session called last autumn was in any sense a special session to deal with the emergency of unemployment, which was denied at that time. At present we have an obstinate and persistent denial to admit the existence in this country of any recession, even though it began a year ago and even though the President of the United States is not afraid to use that word in connection with his own country, where the situation is not as difficult as it is in this country in terms of unemployment and in certain other respects. Apparently, however, the order has gone out to change the tune in regard to ministerial statements, and this "go with the snow" motif has been dropped for the time being at least.

Mr. Martin (Essex East): Except by the Minister of Finance.

Mr. Pearson: The Minister of Trade and Commerce, in his speech at Arnprior a few weeks ago which I have already mentioned, had this to say:

> We are facing a difficult time and things are going to get worse before getting better.

The Minister of Public Works made the same statement, and over the week end the Minister of National Revenue said the same thing in London, that things would probably get worse before they get better. I should warn these ministers that on the basis of their own reactions to statements made on this side they are leaving themselves open to the charge of doom and gloom, of giving aid and comfort to the communist enemy, as one minister of the crown interpreted statements made from over here not so long ago.

Well, Mr. Speaker, the words, or some of them, may be a little more realistic now, but these words are not yet being followed by action in any way adequate to the present situation. Even the relatively timid proposals of the baby budget of two months ago are not yet implemented.

Now the government is apparently attempting a new tack by admitting the seriousness of the problem of unemployment, which indeed it is hard for them to deny in the face of the facts, but by placing the major share of the responsibility for doing something about it on everybody else but themselves. As the Ottawa *Citizen* of February 2 said in a headline to a statement by the Minister of Trade and Commerce, "Hees Blames Canadians for Slow-Up".

The Minister of Labour has recently suggested that the government has certainly done its share in meeting the problem, and that further action must now come from labour and management. Over the last three years, Mr. Speaker, we on this side have put forward and have repeated suggestions regarding economic and fiscal policies which in our view and the view of many outside the house would have combatted unemployment and combatted recession.

Mr. Campbell (Stormont): What suggestions?

Mr. Pearson: What recession?

Mr. Fleming (Eglinton): He said "What suggestions".

Mr. Pearson: A recession which has resulted in 10.8 per cent of the people of this country being out of work.

Mr. Fleming (Eglinton): He did not say "what recession"; he said "what suggestions".

Mr. Campbell (Stormont): The Leader of the Opposition misunderstood me. I said "what suggestions".

Mr. Pearson: I apologize. I thought the hon. member said "what recession". I am told now that he said "what suggestions". If he will read his *Hansard* he will find out about the suggestions, and he will find out more before this debate is concluded. It is quite clear, however, to any student of this matter that economic policy and fiscal policy cannot do the job alone, that they must work with and be co-ordinated with other governmental tools, that they must be supplemented by sound debt management policies to promote confidence in our financial markets, and by sound monetary and credit policies to make credit easier and cheaper at this particular time.

These are the two aspects of employment and economic policy that I want to deal with in my remarks and the amendment I intend to move. The Prime Minister told us last week that the labour estimates would be called tomorrow, so we have a right to expect a general debate on other aspects of the unemployment problem without delay, perhaps on Wednesday of this week. The best occasion to go into the whole question of unemployment will be on the estimates, which we expect will be taken up not later than this week. That will enable us to get answers from the Minister of Labour to the many questions we have and, furthermore, it will permit many members to take part in the discussion rather than the small number able to participate in a debate of this kind on the motion to go into supply.

Today, Mr. Speaker, as a backdrop and as a preliminary to the discussion of unemployment which we expect to have on the estimates of the department beginning on Wednesday of this week, I want to initiate a discussion of one of the root causes of our current recession and of present unemployment, namely, the irresponsibility of the government in the field of monetary policy and its incompetence in the field of debt management.

We have already criticized the government more than once in the House of Commons for its inadequacy in these fields. We have criticized the government for its monetary policies, if it has any monetary policy, which I will come to later; for its credit policies; for its debt management policies. That criticism has been echoed and underlined outside the house by bankers, by labour leaders, by financiers, by economists, by financial editors.

Specific and serious criticisms have been made by responsible persons against the government's monetary and financial policies, and up to the present at least the reply of the government to these criticisms has been that the government has no responsibility for monetary policies. When the governor of the Bank of Canada has made important statements in this and related fields, the Minister of Finance so far has refused to say whether or not the governor of the Bank of Canada is speaking for the government. Indeed, the minister has taken a very narrow, legalistic view of the responsibility of the government in this field.

The governor of the Bank of Canada makes his speeches, and he does not answer his critics because presumably he assumes that the government will do so. The governor of the Bank of Canada in Newfoundland and elsewhere has emphasized the danger of the import of capital from the United States at this time adding to our unfavourable balance, while the Minister of Finance goes to New York and emphasizes the fact that the government does not wish to do anything to discourage the import of United States capital for the development of this country. One contradicts the other in this field, and the result obviously is a feeling of instability, a feeling of uncertainty, a feeling of confusion in a field, that of bond markets and finance, where such confusion and uncertainty can do the most harm and where rumours and reactions can indeed be determining factors.

Because no one in this country is clear about what is happening, rumours obviously are rife. There are rumours of complete agreement between the minister and the governor, as indeed there should be, in regard to the content of the latter's speeches. There are rumours of serious division of opinion between them. There are rumours of divisions that exist in the cabinet. There are rumours that the governor of the bank has requested a series of controls which, to say the least, would have an unfortunate effect on our economy.

An economic consultant certainly not unfriendly to the government, Dr. J. R. Petrie, referred to these rumours in a recent speech. His reference to these matters is not only that of an expert but of an objective expert. He said this, and I quote from Dr. Petrie's speech of January 31, 1961, entitled "The Economic Scene in 1961", in which he

had some friendly things to say about government policy in these fields. He had this to say:

> One is almost driven to the conclusion that we are creating a schizophrenic image as a result of Mr. Coyne's speech in Ottawa two weeks ago decrying foreign investment in this country, while the Minister of Finance stated the following day in New York that we welcome foreign investment. If Mr. Coyne really wants controls and the government gives in—God help us—then there could be a flight of capital from this country with disastrous consequences. If American investors pull their money out of Canada, it is not difficult to see a 10 per cent discount on Canadian funds—it could be even worse.

He went on to say:

> In short the kind of "cures" which Mr. Coyne is advocating seem to me to be aimed at curing the symptoms rather than the cause of our troubles. If the newspaper reports of Mr. Coyne's ambitions are correct, then the final controls that he wants will determine where we work, what we build, what we make, what we consume and even determine how we live. This to me, gentlemen, verges on dictatorship, and I believe that we should fight against it with all our resources.

Mr. Speaker, that is a very serious criticism on a very important subject. Another criticism came from another non-political source. It came from the president of the Royal Bank of Canada in a pamphlet entitled "Maintaining Canada's Economic Independence". Mr. McLaughlin had this to say:

> The soundest ground for the critics of exchange rate and monetary policy lies, not in second guessing the monetary authorities in the performance of their often unpopular public duties, but in urging that, if their operations were smoother, and especially if the direction of policy were made clear to the banks, the money market, and the public, a number of intermittent crises, and a host of relatively minor upsets in the market, would disappear.
>
> Under the present system, with a floating bank rate completely useless as a signal, the banks are in the position of having to forecast not only the course of the economy—that's our job—but also the course of monetary policy—and that I maintain is not our job. I realize that the same uncertainties regarding the course of economic events and changes in public policy have to be taken into account by the governor of the Bank of Canada. For this reason all that the banks can realistically hope for is that they may be told, not what monetary policy will be in the future, but what it actually is at the moment. They must be content with "spot" not "futures", so far as monetary policy is concerned. The trouble today is simply that they do not get even this.

That is another very serious criticism, Mr. Speaker.

Mr. Campbell (Stormont): Would the hon. member permit a question at this point? As a newer member here in the House of Commons I am not thoroughly familiar with the control this government has over the Bank of Canada. Is the Leader of the Opposition seriously suggesting that the governor of the Bank of Canada should be summarily dismissed?

Mr. Pearson: If the hon. member will possess his soul in that patience to which it is accustomed I will be dealing with that subject later in my speech.

Mr. Campbell (Stormont): A simple yes or no would answer my question.

Mr. Pearson: Mr. Speaker, this is a very important matter, and I propose to deal with it, but not with a simple yes or no, as the hon. member will find out later. Perhaps he is accustomed to dealing with these complicated monetary and financial matters with a simple yes or no. Perhaps he would do the same with the government if he finds that its monetary policy is wrong. I would ask the hon. member if he would answer that question with a simple yes or no.

These are serious criticisms levelled against monetary and financial policy by experts in the field who are not influenced in any sense, as I am sure the minister will agree, by any kind of partisan consideration. These criticisms should be answered. It is time the government dealt with this matter and tried to clear up some of the confusion which does exist in this country by a definite statement of government policy, which we certainly have not had. I hope the minister will take advantage of this debate and consider it as an opportunity rather than, as he often does, an irritation, in order to deal with this matter in a responsible, informed and definitive way. Perhaps he will gives us yes or no answers to some of these questions. His intervention in this debate will, I hope, clear up rather than add to the existing confusion and uncertainty.

Mr. Speaker, there are four areas of controversy in respect of this general subject. One is monetary policy; one is debt management; the third is investment policy of the unemployment insurance fund through the investment committee, and the fourth is interest rates on housing loans. It is not only difficult in all these areas but in some impossible to know who is responsible for what. In all these areas serious mistakes have been made resulting in financial losses; resulting in unnecessarily high interest payments by government and by private borrowers; resulting in increased borrowings abroad and thereby in an artificial maintenance of the high premium on our dollar. The mistakes that have been made in these fields have weakened confidence in the bond market; have slowed down the forces making for recovery in 1958-59, and have hastened the recession in 1960, thereby adding to our unemployment difficulties during the recession.

Before I deal with some of the evidence of mismanagement in this field I want to

deal with the question which has just been raised by the hon. member who wanted a categorical yes or no answer; to explain the question of who is responsible, and the question of governmental responsibility in particular. Here the confusion is complete. There are different views by the government as to its responsibility in these different areas. They accept the responsibility for some of them and reject the responsibility for one of the most important. The minister must in fact know that the fiscal, monetary and debt management policies cannot be separated without getting into trouble. Any attempt to separate responsibility in these fields, in the words of Professor Gordon, serves only "to confuse both the understanding of economic policy and the working of responsible government".

The governor of the bank has perhaps unwittingly added to the confusion by giving the impression in some of his statements that he was independent of the government in monetary policy while, at the same time, his responsibility extended beyond such matters. It is not, in fact, his obligation; it is the obligation of the government to explain and defend, if necessary, these policies; I refer to the conversion loan, the investment decisions of the unemployment insurance fund committee, and fiscal policies generally. Hence with the silence of the government and the speeches of the governor, this situation with regard to the two responsibilities could hardly be more confused or more unclear and unsatisfactory.

There is no reason for this confusion in this field of responsibility, because under our statutes and under our system of responsible government the situation is clear. The conversion loan, which is one of the things I have mentioned, was, of course, a debt management decision. There should be no doubt about where responsibility lies there. It is the direct and exclusive responsibility of government, and I am sure it will be accepted as such by the Minister of Finance. In this matter the bank is merely the fiscal agent of the government and certainly cannot be blamed for any policy decision before, during or after the conversion loan, or on this matter of debt management, any more, indeed, than a deputy minister can be blamed for the decisions of his minister irrespective of the advice which he gave his minister.

The investment decisions concerning the unemployment insurance fund are also the sole responsibility of the government. The act is clear in that regard, namely that the investment committee is responsible to the government. The fantastic decision taken in the summer of 1958 to convert all the victory bonds of the unemployment insurance fund into new conversion bonds was essentially a decision of the government, for which the government must take responsibility. The responsibility is not that of the members of the committee, the chairman of which, of course, is the governor of the Bank of Canada and one member of which is nominated by the Minister of Finance, I believe, and the other by the Minister of Labour.

Then we reach the question about responsibility for monetary policy generally. In the preamble to the Bank of Canada Act, often quoted in debates on this subject, parliament has given wide powers to the bank, that is to say to regulate credit and currency in the best interests of the economic life of the nation. That situation is as it should be. The bank, like several other public corporations, however, has an immediate responsibility to the government and an ultimate responsibility to parliament. The governor and the directors are appointed by the government. They can be removed only by parliament, it is true. The budget of the bank is approved each year by the government.

Mr. Fleming (Eglinton): Do I understand that the Leader of the Opposition is saying that the budget of the Bank of Canada is approved each year by the government?

Mr. Pearson: That is what I said, Mr. Speaker.

Mr. Martin (Essex East): Surely that is the case.

Mr. Fleming (Eglinton): That is the latest mistake.

Mr. Pearson: Perhaps the minister will point out what the situation is when he replies. If the minister is now saying that the government of this country has no responsibility for the budget of the Bank of Canada, perhaps he will explain that statement when he speaks. Therefore, although the bank has been given wide powers and specific and important functions, the government, as we see it on this side and as we have seen it for many years, must accept full and sole responsibility for the way in which those powers are exercised and the manner in which those functions are carried out.

Surely that is what responsible government means. The idea that such an agency as the Bank of Canada can report to parliament through the minister without that minister taking final responsibility for its over-all policy, as contrasted with its day to day administration, is both inadmissible and unconstitutional. It would place executive power and responsibility in this field either in the hands of the legislature itself or in the hands of a public servant. This denial by the

government of responsibility for monetary policy is merely an effort to evade an inescapable obligation.

That doctrine does not—and I will anticipate this criticism—involve, of course, any interference in the day to day management and operations of the bank. It does not make the bank a department of government or anything like that. The bank should be free of that kind of interference. However, it involves full and sole responsibility for policy orientation and policy content in the hands of the government. No royal commission and no government can change that basic principle of responsible government. That is something that could be done only by a change of legislation, and any such attempt would certainly involve a grave constitutional issue.

If the governor cannot agree with the general policy which the government desires him to implement, then the governor has no alternative, of course, but to resign. If the governor carries out the general policy in the monetary field without any indication of government disapproval, and as the government is responsible ultimately for monetary policy, I think the governor has a right, as we have, to assume that the government of the day is not opposed to the policy he has put forward.

That is the clear line of responsibility for monetary policy followed in all parliamentary democratic systems. It was made perfectly clear in the United Kingdom recently in the Radcliffe report with which I know the minister is familiar. The responsibility of the government and the powers of the bank in this country were laid down in the Bank of Canada act of 1936. The minister of finance of that day—

Mr. Fleming (Eglinton): It was before 1936.

Mr. Pearson: The Bank of Canada Act of 1936. When it was discussed in this house the minister of finance of that day, Mr. Dunning,—

Mr. Fleming (Eglinton): The act was passed prior to that time.

Mr. Martin (Essex East): It was not a publicly owned bank.

Mr. Pearson: I am talking about the Bank of Canada Act, 1936, as found at page 3620 of *Hansard* of June 1 of that year, the minister of finance of that day insisted that the government should be given adequate control over the bank. In 1941 the then minister of finance, Mr. Ilsley, on June 13 of that year in the House of Commons, as reported at page 3936, emphasized the necessity of control by the government over the policy of the central bank, and pointed out that a bank management unwilling to carry out government policy would have to resign. The same decision was taken in 1951 by the then minister of finance, Mr. Abbott, on June 20, as reported at page 4383 of *Hansard* of that year, when he said that ultimate responsibility must fall upon the government; and of course that is where it belongs and beyond the government, of course, parliament, if it desires to change the legislation. In the banking and finance committee of the house in 1954, as the Minister of Finance knows because he attended those sessions, the governor of the Bank of Canada expressed agreement with the interpretation of responsibility which I have just given.

Mr. Fleming (Eglinton): At what page?

Mr. Pearson: The minister of finance of that day, Mr. Abbott, reaffirmed that position before the committee, as may be found in the committee minutes and proceedings of that year at pages 714, 883 and 1348; and on that occasion that interpretation of responsibility was insisted upon by the hon. member for Greenwood and by the Minister of Finance himself—

Mr. Pickersgill: That is the present Minister of Finance.

Mr. Pearson: —as I should have said, the present Minister of Finance in interventions which in due course will be put on the record of *Hansard*. Nothing happened—and again I will anticipate what the minister will undoubtedly reply—in 1956 to alter this position with regard to responsibility by any statement on behalf of the government of that day. The then minister of finance, Mr. Harris, indeed confirmed the traditional doctrine and did not try to deny government responsibility. He stated in very clear terms, notwithstanding some misinterpretation that has been given to his words, that the government did accept responsibility for monetary policy. Here are some excerpts, to substantiate my statement, from a speech made by Mr. Harris on August 11, 1956, as resported at pages 7456 and 7457 of *Hansard*:

> In these circumstances, what kind of fiscal and monetary policies are appropriate? In the first place I would say—

And this is important:

> —that government policies should not contribute unnecessarily to the increased demand for goods and services.

Then he said:

> The government is satisfied, and I believe that the vast majority of informed observers are satisfied, that under the economic conditions of the past 12 months it was desirable to moderate the rate of monetary expansion.

Those economic conditions were conditions of boom. Mr. Harris went on:

I know of no responsible person who argues openly for inflation as a solution to the problem of excess demand.

I need hardly say that a condition of "tight money" performs a very important function in our kind of economic system in present circumstances. That is because it compels the borrowers and the lenders of money to review their plans and, if necessary, to revise them. This helps to ensure that the aggregate of all spending plans is consistent with the aggregate production that is physically possible.

Then there is this paragraph:

It is right and proper that our fiscal system at this juncture should emphasize additional restraint in public spending wherever possible. It is equally appropriate that monetary policy should assist by exerting a moderating influence on the expansion of credit.

I ask you, Mr. Speaker, was that not the acceptance of responsibility for monetary policy by the minister of finance at that time? The position on this side today is that taken by Messrs. Dunning, Ilsley, Abbott, Towers, Mackenzie King, Macdonnell, the member for Greenwood, the present Minister of Finance (Mr. Fleming). Indeed, the present Minister of Finance dealt with this matter with his characteristic dogmatic vigour—

Mr. Fleming (Eglinton): Clarity is the word.

Mr. Pearson: Yes, he was very clear on this point, and perhaps he will reaffirm his support for this statement at this moment. If he does he will clarify the issues very considerably. In doing so, of course, he would have to contradict what he has been saying more recently. But this is what he said on August 11, 1956, as reported in *Hansard* at page 7459. I am sure the minister does not even need the reference:

The minister has a very direct responsibility—

That is the minister of finance:

—because the action taken by the Bank of Canada in this respect surely has a direct influence on the whole field of action and on the whole field of responsibility of the government in relation to fiscal matters.

Mr. Fleming (Eglinton): Yes, in relation to fiscal matters.

Mr. Pearson: The Minister of Finance continued:

I say, sir, that the government cannot shed its responsibility for full fiscal policy in the broadest sense of the word, and that must include the actions of the Bank of Canada—

Perhaps the minister will agree.

Mr. Fleming (Eglinton): Go on.

Mr. Pearson: The quotation continues:

—even when, in a technical sense, those actions are taken by the governor of the Bank of Canada in the exercise of the powers conferred upon him by the Bank of Canada Act.

[Mr. Pearson.]

He said, even when the governor of the Bank of Canada acts in the exercise of the powers conferred upon him by the Bank of Canada Act, in a technical sense. The Minister of Finance of today, the hon. member for Eglinton then, insisted that the government could not escape its responsibility for those actions, and we ask the government today to take exactly that kind of responsibility. But the government now has a different view. That view was expressed by the present Minister of Finance on April 28, 1959 as reported in *Hansard* at pages 3098 and 3099, when he said this:

. . . in the matter of monetary policy this parliament has placed the responsibility and . . . power—

I emphasize those words, "responsibility and power":

—in the hands of the Bank of Canada. The government does not exercise any sway in the field of monetary policy.

In regard to something which is decisive and at times determining and always important in the whole field of fiscal and economic policy, the Minister of Finance today says that the government does not exercise any sway in the field of monetary policy. He says "We leave monetary policy and all it stands for", with its indivisible relationship to fiscal and economic policy, "in the hands of the governor of the Bank of Canada. Fiscal and debt management policies, yes; we take responsibility for those. Monetary policy", which is inseparable from those, "no, we take no responsibility".

I say that such division is impossible if confusion and uncertainty are to be avoided, though it is apparently now acceptable to the minister, and I gather it is also acceptable to the bank. I hope the minister will now accept, and not evade this ultimate responsibility by the government, and behind the government by parliament. I hope that in accepting it he will remove doubts, misunderstandings and uncertainties regarding the relationship between the governor of the Bank of Canada and himself, and that he will indicate his own position and that of the government with regard to positions taken and policies that have been advanced by the governor of the Bank of Canada.

After all, the minister and the government did not hesitate to interfere with the operations of monetary policy by the bank, so they should not attempt to evade responsibility for policy—

Mr. Fleming (Eglinton): Mr. Speaker, to what is the Leader of the Opposition referring?

Mr. Pearson: I am thinking of the intervention of the government in the bank auction of treasury bills some time ago, which had

an influence on the rate on treasury bills. The minister knows all about it. He knows all about the cabinet meeting which was held and the auction being postponed an hour or two so the government could make up its mind what to do.

Mr. Fleming (Eglinton): Is the Leader of the Opposition saying that was done to influence monetary policy?

Mr. Martin (Essex East): It certainly was.

Mr. Fleming (Eglinton): Such nonsense.

Mr. Pearson: I say that was an intervention by the government in the operations of the bank in the field of monetary policy for which the minister said the government had no responsibility.

Mr. Fleming (Eglinton): It had nothing to do with the bank operations.

Mr. Pearson: The minister can answer that point later. The government is quite prepared to accept full responsibility for the level of interest rates on housing loans. That is something with which one of my colleagues will deal in more detail later in the debate.

So much for the question of responsibility. Now I wish to deal with mistakes that have been made in policy which have had a direct and harmful effect on the economy, on confidence, on national development, on the recovery from the recession and hence on employment. The first evidence of such mistakes is to be found in the field of debt management. Of course we dealt with this previously in the house. More particularly there is the mistake found in regard to the conversion loan. The conversion loan was a bad mistake.

Mr. Fleming (Eglinton): Nonsense.

Mr. Pearson: That is the general view held in the country by experts.

Mr. Fleming (Eglinton): It is not held by any expert. What experts?

Mr. Pearson: We could cite dozens of experts.

Mr. Bell (Carleton): Name one.

Mr. Pearson: I will indeed, and I will quote some.

Mr. Fleming (Eglinton): Not experts.

Mr. Pearson: That operation weakened confidence in the bond market and got us into monetary trouble. It was unnecessary, it was ill-timed and it was misconceived.

Mr. Martin (Essex East): And costly.

Mr. Pearson: And it certainly was costly. Certainly the seventh, eighth and ninth victory loans, and perhaps the sixth also, should have been excluded from it. That would have saved the taxpayers hundreds of millions of dollars and would have prevented an acute indigestion in the bond market at the time.

Mr. Fleming (Eglinton): Do you realize what you are saying?

Mr. Pearson: I realize what I am saying. Mr. Speaker, this sort of juvenile intervention by the Minister of Finance does not amount to anything in the way of argument.

Mr. Fleming (Eglinton): You are making irresponsible statements.

Mr. Pearson: If we say something on this side of the house with which the minister does not agree, he keeps on throwing out these interventions of "rot", "rubbish" and "nonsense". I would ask the minister to stop using these juvenile tactics and get on his feet afterwards and explain where we are wrong on this and where the government is right.

Mr. Fleming (Eglinton): On a point of order—

Mr. Speaker: Order. Is the hon. member rising on a point of order?

Mr. Fleming (Eglinton): Yes. I did not use at all the words attributed to me by the Leader of the Opposition. I simply said the statements were irresponsible.

Mr. Speaker: I understood the Leader of the Opposition to be complaining about the interruptions he was receiving. Perhaps the minister, if he has an interruption to make, would rise, as he has now done, on a point of order.

Some hon. Members: Hear, hear.

Mr. Pearson: I was just appealing—

Mr. Macdonnell: Would the Leader of the Opposition permit a question? I do not think the hon. gentleman wishes to be unfair. I want to ask him if he wishes to leave the impression that all people of expertise in the financial field were critical of the conversion loan. Does the hon. gentleman not know that many high ranking people still believe this operation was fully justified?

Mr. Pearson: I did not state that all the experts were against it. I said there were many experts throughout the country who though it was ill-timed, ill-conceived and costly as an exercise in debt management.

An hon. Member: Liberal experts.

Mr. Pearson: Certainly not Liberal experts; people who are normally very friendly to the Conservative party. This kind of effort twc years afterwards to evade responsibility for an operation which went sour is not going to help.

An hon. Member: Throw him out. He is too young.

Mr. Speaker: I am not able to hear the hon. member for Cariboo (Mr. Henderson) well when he is seated.

Mr. Pearson: I am glad to see that the hon. member for Cariboo is still concerned about this matter, and I am sure he will wish to take part in the debate. I hope he will be given an opportunity, because this is a very important matter.

As to whether this operation was ill-timed, it was, of course, undertaken at a time when the bond market was weak. The minister will surely agree with that.

Mr. Fleming (Eglinton): I will not.

Mr. Pearson: The minister says "I will not". I thought the hon. gentleman might intervene at this time and say that. But this is what he said in 1959—

Mr. Fleming (Eglinton): Would the Leader of the Opposition confirm the fact that he used the word "undertaken"?

Mr. Speaker: Order. The Leader of the Opposition has the floor unless he has yielded it.

Mr. Fleming (Eglinton): He has yielded.

Mr. Pearson: I said that this operation was ill-timed, that it was undertaken at a time when the bond market was weak, and the minister said that was nonsense, or that it was not so, or something like that. Well, as reported on page 2411 of *Hansard* of April 9, 1959 the minister said:

> After some signs of strength in the earlier months of 1958 the New York bond market broke sharply in mid-June, and continued a pronounced downward trend to the end of the year. The Canadian market, with some variation followed this general trend.

I am grateful for that support for the argument I am advancing that this operation was ill-timed. I think, also, it was misconceived in its objective of 100 per cent conversion of the $6.4 billion of victory bonds, and I have already stated that some of those earlier maturing bonds might well have been left out of the conversion. Before the operation began those bonds were all selling under par. The government established an artificial market and offered to buy them at par during the period of the loan. The Bank of Canada supported the prices of the new bonds after the end of the loan which kept them at par. That, of course, resulted in a very substantial windfall accruing to—what shall I call them—some of the better informed bondholders at the expense of the taxpayers amounting to many millions of dollars. The high pressure campaign—we all remember it—was, of course, very successful. Many Canadians acquired long term bonds not really suited to their more or less immediate need for cash, and when they had to sell them they suffered heavy losses. Moreover, to ensure this so-called success—the minister insists that it was a success—unprecedented high rates of interest were given and a new burden was placed on the taxpayers. Oh, there were beneficiaries all right, but they did not include the taxpayer; they did not include a great number of the small investors, and they did not include the government itself.

Here is what Professor Scott Gordon has to say in his recent book about the conversion loan. I do not think anybody would suggest that Professor Scott Gordon is a Liberal or a Liberal sympathizer. Here is what he has to say:

> The real significance of the conversion is that it proved to be the beginning of a series of acts by the monetary authority which has produced extreme instability in the finance market. The conversion loan itself so racked the prices of government bonds about that they had to be regarded as assets with uncertain and unstable market values. The government bond market was changed from one where savers, make long term investments to one where speculators gamble on the next swing of the pendulum.

Now what about the management of the unemployment insurance fund? What about the actions of the investment committee of that fund, for which the government, we claim, must take responsibility?

Mr. Bell (Carleton): Would the hon. gentleman permit a question? Is that the only expert the hon. gentleman proposes to call in relation to the conversion loan?

Mr. Pearson: Professor Scott Gordon is one expert. There will be many of them called before the debate is over. I do not intend to take up all the time of the house in this debate, but we shall satisfy the hon. member for Carleton; and he can bring his experts forward, too. The facts speak for themselves in this matter.

The unemployment insurance fund is another victim of the conversion loan and of mismanagement by the government. That surely has been documented already beyond argument. At the time of the loan this fund stood at $640 million in government securities, $300 million in victory bonds, plus $340 million in other long term government bonds and C.N.R. securities. The position, therefore, was highly illiquid at a time when new and serious demands were bound to be made on it, as anyone who knew anything about the economic picture and the unemployment picture would have known. The fund could have corrected its position during the period of the loan. It could have sold its bonds at par, bought

treasury bills and short term securities, and thus put itself in a better position to meet those demands which were bound to occur in view of the picture at the time. Instead, the investment committee of the fund converted victory bonds into conversion bonds, more than half of them into long term 1972 bonds. Remember, Mr. Speaker, that this fund is no ordinary fund. It is a trust fund financed 40 per cent by industry, 40 per cent by the workers and only 20 per cent by the government. This is a trust fund, and it should have been considered as such.

The conversion policy followed was not, we claim, in the interests of those who contributed to that fund. In order to comply with government policy the fund had to clear the decks and get everything converted. Later the fund had to unload in order to meet its obligations, which were increasing, as the minister must have known they would increase, so in January of this year this trust fund, held in trust for industry and workers, had lost $27 million in that operation; and in borrowing from the government to meet its needs at the rate of between 5 per cent and 5¾ per cent during the two years it had lost an additional $1.7 million. When the full impact of the government decision taken on July, 1958 is known—the full impact of exchanging victory bonds for conversion bonds—the total losses incurred by the fund will be close to $70 million.

The government must take responsibility for this gross mismanagement, and that mismanagement should be investigated before we are asked to replenish the fund as, indeed, we shall be asked to do, because by May the fund will be very low indeed.

I want to say a few words about the operation of monetary policy generally. The Bank of Canada is required by parliament—and these words have already been quoted:

> To regulate credit and currency in the best interests of the economic life of the nation,—to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action

That surely means, Mr. Speaker, that an active policy on monetary matters and expansion should be followed during recessions when production and employment are declining, and that monetary restrictions should be used in periods of boom, along with other tools of government policy, to prevent rapidly rising prices. Well, let us see what has been the orientation of our monetary policy in the light of that requirement in the Bank of Canada Act.

First let us look at the recession of late 1957 and 1958. During that period the money supply was not materially increased—I think by about $200 million on a comparable basis, over the preceding period, when the government put into effect monetary restrictions because of boom conditions. After 1958 forces in this country began to move for recovery; the economy began to get going again and ministers told us at that time that the recession was over. Let us look at this period in terms of monetary policy. What happened from April to October, 1958? We had the largest monetary expansion during that period since world war II, an expansion of $1.4 billion. That expansion was too large and came too late for the needs and stability of the economy, as indeed the governor of the Bank of Canada recognized in his report in 1958. Why, then, did it take place? It took place to help the conversion loan and enable the minister to claim that the conversion loan had been an unprecedented success. It was not justified by sound monetary policy. It was attempted for debt management purposes.

The next period is from October, 1958 to March, 1960, when the trend toward recovery was continuing, though it was weak and there were danger signs ahead, which we on this side tried to point out at that time.

The peak of the last economic cycle, the peak of this trend toward recovery, was reached, I suppose, in the first quarter of 1960. During that period of recovery and at least of incipient expansion, there was still excess productive capacity and there was still high unemployment, so that there was no danger of a boom like the boom we had in 1956. Yet, during that mild recovery period monetary restrictions were more severe than they were in 1956. Indeed, in 1956 the money supply increased slightly. But during the period October, 1958 to May, 1960 the money supply was actually reduced by more than $300 million, at a time when we were in only slow recovery and in no danger of a boom because there was lots of unemployment and there was excess productive capacity. Yet, notwithstanding that, the money supply was reduced by the amount I mentioned. The decline and dislocation of the financial markets after the conversion loan, as well as huge government borrowings necessitated by its past deficits, the great scarcity of funds and the highest interest rates since the 1920's, forced provinces and municipalities to borrow in the United States market and kept the dollar premium up. In short, Mr. Speaker, the recovery of 1958, greatly weakened by the restrictive monetary policy of 1959 and by the government's debt management policy, resulted in a loss of confidence in the financial markets. That helped to slow the speed and prevent the deepening of that recovery. Therefore from April,

1960 to the end of the year, beginning with the second quarter of 1960, we had this trend toward recovery reversed, and we found ourselves in another recession. In the second quarter of 1960, there was a drop in the gross national product which was the greatest in the post-war period. Yet, from April to the end of August last year, in the face of this condition, the money supply was kept almost stable.

From October there was a fairly rapid increase to facilitate the issue of Canadian National Railway bonds, and after that increase the supply began to decline again, although I confess nobody is quite sure where we are in that regard at this moment. Again, as in 1957 and 1958, the increase in the money supply was too late and was decided not by considerations of sound monetary policy but by the requirement of debt management. The inescapable conclusion that must be drawn is that monetary policy, for which the government claims no responsibility at all, has become a mere instrument of debt management, for which it admits full responsibility. When the government's borrowing causes congestion in the securities markets then the money supply increases; otherwise it is kept more or less constant, presumably to minimize the inflationary potential created not by boom and expansion but by sporadic and rapid increases necessitated by debt management.

This, Mr. Speaker, is the situation, as we see it, as regards the government's operation of monetary policy for which they take no responsibility. In short, Mr. Speaker, credit and currency have not been regulated as required by the act "to mitigate fluctuations in the general level of production, trade, prices and employment". The primary role of the Bank of Canada in implementing monetary policy has been subordinated to the requirements of its secondary role as fiscal agent of the government.

I recognize, Mr. Speaker, that this is a very serious criticism but is it not confirmed, at least implicitly, by the governor of the bank himself in his speeches made as a public servant on matters for which the government, and not he, has the ultimate responsibility? For these reasons we think the content, the orientation and the whole question of government monetary policy in recent years should be investigated. Is it, for instance, wise to let the bank rate be determined by the average rate of treasury bills fixed by weekly auctions? Why has the bank never used the cash reserve power it was given in 1954, but has established a minimum liquid assets ratio which is not provided by the act?

Why, since 1957, has monetary policy not made the contribution required by our legislation to mitigate recessions, and why does the governor feel that there is no special obligation in this respect, as he said recently in his speech in Newfoundland?

May I say just a few words in conclusion before I move the amendment?

The general orientation of our monetary policy has been strongly and rightly criticized since the fall of 1957 by many, though not all, highly respected experts—bankers, economists, financial editors, financial commentators. More recently these criticisms have increased both in number and in vigour. We now hear persistent rumours that the government intends to set up another royal commission to investigate the operation of the Bank of Canada generally, and those criticisms. No doubt, if it is done, this device could delay for two or three years the solution of an urgent and important issue which no royal commission can solve.

In the present economic circumstances it is quite normal to expect criticism of monetary policy. Such criticism, if it is legitimate, if it is valid, should not require a royal commission but a change of policy on the part of the government. As I see it, however, that is not the most important aspect of the current issue. It is most regrettable indeed that the Bank of Canada has become the centre of the present controversy because it may weaken seriously the prestige and the authority of a most essential institution whose prestige and authority in this country since it was established have been strong and which has commanded the highest respect. Yet, Mr. Speaker, this danger, this unfortunate possibility, and I will go no further than that, became almost inevitable because of the vacuum created by the government's refusal to accept any responsibility for monetary policy. The central issue, then, can be summarized by the following question: Who is or who should be responsible for general monetary policy?

I suggest that we cannot wait for two or three years to get an answer to that question and to solve such a basic issue. I am quite sure that all hon. members in this house will agree that in our system of responsible government the general direction of monetary policy should not be turned over to any public servant. There should not be any disagreement about this because monetary policy is an essential and basic aspect of general economic policy which is indivisible from it and for which the government and parliament must take responsibility. I would be very surprised indeed if the hon. member for Greenwood (Mr. Macdonnell) did not agree 100 per cent with that doctrine. If the government does

not accept this position, then we do indeed face a major constitutional crisis. So we expect the Minister of Finance (Mr. Fleming) to make a clear statement on behalf of the government on this question during this debate.

The Minister of Finance, contrary to what he has said in opposition, has been contending that such an over-all responsibility has been assigned by parliament to the Bank of Canada. We do not accept that interpretation of the Bank of Canada Act because, among other things, it would be completely incompatible with our system of responsible parliamentary government. If the government maintains its position during the present debate, then the best way to determine this issue is to refer it at once to the banking and commerce committee which could have full power of examination and the right to call expert witnesses and which could begin its work immediately.

If the committee comes to the conclusion that under the provisions of the present act the government has responsibility, then let the government discharge that responsibility. If the committee decides that parliament has assigned complete responsibility for monetary policy to the Bank of Canada, then the government should take the initiative as soon as possible during the present session and introduce an amendment to the Bank of Canada Act in order to correct this fundamental weakness.

One thing surely is obvious. The present uncertainty and confusion must be cleared up as soon as possible. That cannot be done by a long drawn-out royal commission. It can be done effectively and quickly by the government either by recognizing now that it has the responsibility for the general direction and control of monetary policy or by having the banking and commerce committee investigate and report on this matter without delay.

As far as we are concerned, Mr. Speaker, we are convinced that the government has such a responsibility. We say that it must also answer for public debt management, interest rates on housing loans and the management of the unemployment insurance fund. We believe that the government has mismanaged this whole matter, one of such great importance to our economy and of particular importance to our economy at this particular time. Therefore, Mr. Speaker, I move, seconded by the hon. member for Kenora-Rainy River (Mr. Benidickson):

That all the words after the word "that" be deleted and the following substituted therefor:

"this house regrets the refusal of the government to accept and discharge its proper responsibility in the field of monetary policy and its demonstrable incompetence to manage the public debt in the interests of the Canadian people, resulting in unduly high interest rates, erosion of business confidence, and consequent deepening and lengthening of the economic recession."

Mr. Fisher: On a point of order, Mr. Speaker, I should like to ask your opinion of an amendment which has the house regretting its own demonstrable incompetence. I would draw your attention to the amendment. If you parse the sentence I think you will find that the way the amendment is now grammatically constructed we have this house regretting its own demonstrable incompetence. I suggest to you that this is quite apparent from the grammar of the sentence and it seems to me it would invalidate the amendment completely. I do not want to make any remarks with respect to the grammatical competence of the people who framed the amendment. I would appreciate having your views in the matter.

If you want to come down to specifics, I would ask what the "its" refers to. It is apparent that in the mind of the person who framed the amendment the antecedent of "its" was "government". However, I suggest to you that according to the structure of the sentence it must go back to "house". Therefore I think I have a valid point of order.

Mr. Pickersgill: Mr. Speaker, on this egghead point of order, if I may say so, I may say I have always understood it is the normal rule of construction when there is some doubt as to the antecedent of a pronoun that the next immediately preceding noun to which it can apply is the one to which it does apply. It is perfectly obvious that the next preceding noun to which it can apply is "government" and that, of course, is its clear intent.

Mr. Argue: Did you draft it?

Mr. Pickersgill: No.

Mr. Fisher: On the point of order, if we are going to accept the argument of the hon. member for Bonavista-Twillingate I suggest that the next antecedent is "refusal" which comes between the grammatical antecedents "house" and "government".

Mr. Pickersgill: I said the preceding one to which it could reasonably apply.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, from the official figures we understand that at the present time there are nearly 700,000 unemployed Canadians, or 10.8 per cent of the total working force, and ministers have told us that they expect the situation to get worse. Without any question, that is an emergency. Repeatedly during recent days we have heard demands from the official opposition that the government have a day's debate on unemployment. We in this group have sat here with bated breath waiting for

the cannon's roar on unemployment. We have been disappointed. We have just finished listening to the pop gun in respect of one segment of the problem that faces us at this time. We were surprised; we were amazed; we were disappointed. We intended if possible to move such an amendment to the motion to go into supply, but under the rules we were denied the opportunity while the official opposition had the right to properly move a prior amendment. I am sure that the unemployed in Canada will not consider the effort of the leader of the official opposition this afternoon as taking full advantage of the time provided by the rules to deal fully with this serious question of unemployment.

As I have said before, this amendment deals with one important and somewhat highly technical aspect of the cause of unemployment, as has been mentioned by members of this group on repeated occasions.

Once again let me draw to the attention of the house the fact that we were pleased to note that the leader of the official opposition did again put forward one of these proposals which was made previously by the members of this group, namely, that this problem, and the report of the Bank of Canada should be referred to the committee on banking and commerce. There is no question that there is a growing demand in various quarters for a recognition of the influence of the monetary and fiscal policy upon the economic situation that we are suffering from today. That is clearly indicated, as the leader of the official opposition and members know.

There has been a demand from the president of Canada's third largest bank for a thorough examination of the financial responsibilities of the Bank of Canada in respect of the country's unusual financial structure. N. J. McKinnon, chairman and president of the Canadian Bank of Commerce, told his firm's annual meeting that such a study should be painstaking, deliberate and unhurried, in order to allow the most careful consideration and to reach wise conclusions. The heads of the labour movement in this country, including the C.L.C., have asked for a monetary inquiry. Canada's top labour leaders have called for a full-scale royal commission investigation of the monetary policies of the Bank of Canada and James E. Coyne, its controversial governor.

According to a report in the *Leader-Post* of February 2, 1961, it is stated that fiscal policy, no matter how good, will achieve little if monetary policy is pulling the other way. The report goes on to say that the central bank is apparently sticking to a relatively tight money policy when the opposite is required. Second, its policy has resulted in higher interest rates in Canada than in the United States, which has encouraged Canadian borrowing on the New York money market. Third, the report states that the instability of the bond market and the accompanying wide swings in interest rates must be attributed in part to the management of the Bank of Canada.

We also have Mr. Gordon, the well known economist who has criticized the present fiscal policy of the Bank of Canada, suggesting that this whole matter should be studied. We have had university professors from various parts of Canada giving voice to very similar opinions and criticisms. It is obvious that there is widespread nervousness and growing apprehension in regard to the effect of the fiscal and monetary policies of this government and the Bank of Canada, and a suggestion that they are not conducive to the solution of this very serious unemployment question.

Mr. Speaker, I must say that we in this group on these occasions have to speak more or less off the cuff. The only research department that I have is the member for Kootenay West, so I have to do the best I can without preparation. I will put forward in general, without going into detail, the views of this group with respect to this amendment.

As the leader of the official opposition mentioned, the government claims it has no responsibility in this field. We shall look forward with interest to what the Minister of Finance (Mr. Fleming) has to say with respect to that statement. There is growing confusion and concern in the public's mind with respect to the delay on the part of the government to crystallize its own policies and attitude toward the monetary and fiscal policy. Therefore, although the amendment does not deal with our point of view as socialists, and I speak as a democratic socialist realizing that we are living in a sick society, we support the amendment which deals with one important segment of the problems that face us today.

This group are socialists in their thinking. Someone might say, what is socialism? We say from a philosophical point of view that socialism is the search for truth in all fields; the building of the good life for all, and the worship of beauty in all its aspects so far as creation is concerned. That is the sort of philosophic phase of socialism in which we believe.

What about the economic aspects of our socialist philosophy? As I said before, we believe this amendment only deals with one segment of the problem. We believe this must be related to the other segments of the problem if we are going to have any effective action in order to meet unemployment at this

time. We believe in over-all planning. We feel there must be planning on an over-all scale. There must be a plan in respect of this policy; there must be co-operation between the federal, provincial and municipal governments, there must be co-operation between labour and management. However, in order for that to occur, or for it to be possible, it is necessary for this government, as a federal government, to give leadership in this field.

I have said that we are in a sick society. Sometimes when I read newspapers and much of the correspondence that I receive, and when listening to the debates in this house, I realize more than ever that we are living in a very sick economic society.

We have on that side of the house, Mr. Speaker, a government which is aiming to administer Toryism without tears. We have in the official opposition a group of kindly, well-intentioned gentlemen who are trying to put forward Liberalism with latitudinarianism. Then we have some who believe we can have socialism without sweat.

An hon. Member: With senility.

Mr. Herridge: That indicates the sort of opinion held by some members, and illustrates their concern. It also illustrates to some extent the confusion that faces people at this time.

Mr. Speaker, I said we were democratic socialists, and we believe in economic democracy—and I am speaking of this amendment—and it would be only in keeping for me to explain in some detail what I mean by that. Sometimes we are misunderstood. The public sometimes are not properly informed of what we say in the house and in the country. As I said before, we believe in economic democracy. We are democratic socialists. Socialism seeks to replace capitalism by a system in which the public interest takes precedence over the interest of private profit. I said "precedence"; that does not mean to say that there will not be private profit. The immediate economic aims of socialist policy are full employment, higher production, a rising standard of life, social security and a fair distribution of incomes and property. Who can disagree with those aims? No one, surely, can disagree with them. I even see one of the hon. members opposite apparently indicating that he does not dissent with that statement.

In order to achieve these ends production must be planned in the interests of the people as a whole. Such planning is incompatible with the concentration of economic power in the hands of a few. It requires effective democratic control of the economy. Democratic socialism therefore stands in sharp contradiction, let me emphasize, both to capitalist planning from which we suffer to some extent today as far as corporations are concerned, and to every form of totalitarian planning; these exclude public control of production and a fair distribution of its results.

Socialist planning can be achieved by various means. The structure of the country concerned must decide the extent of public ownership and the forms of planning to apply.

Public ownership can take the form of the nationalization of existing private concerns in the federal, provincial and municipal fields and co-operative ownership on a wide scale. As we have said repeatedly before, there is ample opportunity for what we would term legitimate private enterprise.

Mr. McGee: Will the hon. member tell us from what document he is reading at the present time?

Mr. Herridge: It is a very sound document indeed. I am reading from a document containing socialist first principles; I am reading in part, not in full.

Mr. Horner (Acadia): Will the hon. member permit another question?

Mr. Herridge: This document is a co-operative effort. In this respect it is different from the policy of the Progressive Conservative party or the policy of the Liberal party. This document was drafted as the result of a circular sent to all C.C.F. clubs in Canada where these policies were discussed. Then, they were forwarded to provincial conventions and from there to the national convention where the document was drafted as a result of resolutions at the national convention. I note that the hon. member for Cariboo has risen in his place, Mr. Speaker.

Mr. Henderson: I should like to tell you my side of socialism. In San Francisco one day, there was on the street corner a gentleman such as the hon. member for Kootenay West—

The Acting Speaker (Mr. Rea): Order.

Mr. Herridge: Mr. Speaker, I am sure we all enjoy the interruptions of the hon. member for Cariboo, but at the moment we are dealing with Canadian affairs. I hope I may be allowed to proceed and to refer to this document where necessary.

Socialist planning does not presuppose public ownership of all the means of production.

Mr. Horner (Acadia): Will the hon. member permit a question?

Mr. Herridge: Oh, certainly.

Mr. Horner (Acadia): Will he tell us what socialist planning has done for employment in the province of Saskatchewan, and for the growth and development of that province?

Mr. Argue: Unemployment is lower than in any other part of Canada.

Mr. Horner (Acadia): What about the population growth?

Mr. Herridge: My answer to that question is that the present C.C.F. or socialist government was elected in Saskatchewan in 1944 and it has been re-elected by the people of Saskatchewan continually to date. I cannot take the time to go into detail.

Mr. Argue: At the last election no Tory member was elected.

Mr. Herridge: That is a good point. The people have not elected a single Progressive Conservative in recent years.

An hon. Member: And they will not do so in the next federal election.

Mr. Herridge: In reply to the hon. gentleman, Mr. Speaker, I would say that our policies have had a greater appeal to the people of Saskatchewan than have the policies of the party to which he belongs.

Mr. Horner (Acadia): What have they done for the development of the province?

Mr. Herridge: I leave that matter entirely to the people of Saskatchewan.

Mr. Henderson: The people of Saskatchewan—

Mr. Argue: Tell the hon. member for Cariboo to sit down.

The Acting Speaker (Mr. Rea): Order. Will the hon. member for Kootenay West continue?

Mr. Herridge: I rather enjoy these interruptions, Mr. Speaker. I did not hear what the hon. member for Cariboo just said but I suppose it was not of great importance.

Mr. Winch: If he does not listen he will not be back after the next election, much as I like him.

Mr. Herridge: As I said, I am dealing with the fact that we believe there is an opportunity for legitimate private enterprise or free enterprise and by that we mean enterprise that accepts its responsibility to the community and works in co-operation with the federal, provincial and municipal governments according to an over-all plan, which is part of our policy. Trade unions, and organizations for producers and consumers are necessary elements in a democratic society; they should never be allowed to degenerate into the tools of a central bureaucracy or into a rigid corporative system. Such economic organizations should participate in shaping general economic policy without usurping the constitutional prerogatives of parliament. That is why the socialist members of the group in the house—I refer to the members of the C.C.F.—are always among the first to protect the rights of this parliament and of legislature in general.

As a result of this economic democracy, which is the economic aspect of our philosophy, we believe that we can extend the individual freedom of all persons on the basis of economic security and increasing prosperity.

I have just mentioned these matters. I have not gone into detail on what we believe are the principles of economic democracy that are necessary to bring us out of the present situation or shall I say, to cure the present sick society in which we live. We admit that this amendment is a necessary amendment. It deals with one aspect of the problem but it is only a palliative; it deals with only one aspect of a constitutional disease.

In conclusion, Mr. Speaker, let me again emphasize that the members of this group are willing to co-operate and to support any immediate measure that alleviates, on a temporary basis even, the suffering of some Canadians from unemployment or ill health or the other sicknesses that prevail. We believe that what is necessary is a completely new approach and a new outlook to the problems that face our capitalist society.

In conclusion again, Mr. Speaker, let me re-emphasize our disappointment at the failure of the official opposition to seize this wonderful opportunity to deal in full with only the problem of unemployment,—

Mr. Martin (Essex East): We are the only ones that dealt with unemployment.

Mr. Herridge: —having regard to the hundreds of thousands of Canadians who are experiencing great distress and in view of their demands upon the government repeatedly in recent weeks for an opportunity to debate unemployment.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, in rising this afternoon to speak on this motion may I say that, for the sake of the record, I think it would be a good thing to put the motion on the record once again. It reads as follows:

That all the words after the word "that" be deleted and the following substituted therefor:

"this house regrets the refusal of the government to accept and discharge its proper responsibility in the field of monetary policy and its demonstrable incompetence to manage the public

debt in the interests of the Canadian people resulting in unduly high interest rates, erosion of business confidence, and consequent deepening and lengthening of the economic recession."

I think any backbencher who rises to take part in this debate should first place on the record a few introductory words.

I do not think there is a member of parliament, irrespective of the political party to which he belongs, at the present time, or any time when we have had unemployment in Canada, who does not feel very sympathetic toward any group of truly unemployed people. I suppose all of us individually within our own parties have certain ideas and a certain philosophy as to what can be done in reference to unemployment.

As I understand the debate today, the official opposition has moved a vote of nonconfidence in the government in reference to its monetary policy. The official opposition says this government is the cause of unemployment. Therefore, I wish first of all to break down into three parts what I have to say this afternoon. Let us look for a few moments at the record of the past. Let us look at some of the things that have been done to encourage employment; and last but not least, let us answer some of the arguments put forward by the official opposition and the last speaker from the socialist group in the corner.

We do not have to go back very far, but for a few moments let us go back and look at the situation that existed. This is the argument. On the political platform, you often hear of the unemployment figures from 1930 to 1935. At that time there was unemployment in Canada. In 1935 the present official opposition took over the government of this country. I have not the exact figures at this moment because I, like the last speaker, did not have time to prepare a speech. However, I think everyone will agree with me that unemployment was very high from 1935 to 1939. In fact, it was as high as it was between the period 1930 to 1935.

Then, war broke out. When war broke out unemployment continued in this country under the Liberal party, which is now the official opposition. Let us move along. Of course, during the war years, when men put on uniforms and industry was speeded up, there was a degree of prosperity. What happened after the war? In 1955 members who are now on the treasury benches were in the opposition. They brought to the attention of the Liberal party the fact that there was a deepening recession at that time. They also set out the problems of unemployment.

Let us go to 1956 and 1957 with regard to this question of monetary policy. Anyone who was in business in towns or cities as well as the farmers, knows what happened at that time. At that time the Liberal party implemented a tight money policy. People who wanted to obtain small loans from the banks had to even cash their bonds because they could not obtain these loans. What did they do? I can only refer to the area I know, the city of Calgary. Money was so tight at that time that all the construction workers were on the streets and out of work.

It was rather shocking to hear the Leader of the Opposition (Mr. Pearson) stand in his place today and condemn the present government for its monetary policies, especially when one looks back at the time of tight money in 1956 and 1957 and realizes that, by the deliberate policies of the Liberal party men were put out of work and were on the streets of this country.

As I sit in my place in this house it seems to me that the members of the opposition merely give lip service to unemployment. In fact, I honestly believe that the members of the front benches of the Liberal party stay up at night and sometimes they may pray secretly that the recession, if there is a recession, will deepen so, as one member of our party once put it, they can get their jobs back.

Are they really serious about curing unemployment? Do they suggest anything that would improve the economy of the country? After all, criticism is easy. But there was not one constructive thing offered in the speech today of the Leader of the Opposition. He did not suggest anything they would have done under the circumstances. In fact, it seemed to me as I listened to him this afternoon that his speech was completely composed of language opposite to what it would have been had he been in his seat in the government of 1956 and 1957.

I wish to come back for a few moments to the opposition's condemnation of the monetary policy of this government. I will leave that question for some other person in the party to deal with, namely the minister. But let us take a look at this question of a recession. The Leader of the Opposition said he was going to quote various experts. I take some comfort in the fact that if you have confidence in business in this country you can of course get business underway so there will be full employment.

In the *Financial Post* of February 18 last there is something I think should be placed on the record. There is an article by Mr. Dalton Robertson, who says:

Recession low-point in sight?

I will come back to this article. Every one of us is somewhat sympathetic toward the problem of people who are unemployed. I

will digress for a few moments before I continue with the article in the *Financial Post.*

In the area of the Bow River constituency in 1957, when I first became a candidate for parliament, there was unemployment in the coal mines of Drumheller and Canmore. The Liberal party was in power at that time and there was no work in either of those areas. It was only because of the efforts of this particular government in expanding the coal trade that men returned to employment.

This is just one item, in connection with coal from the areas of Canmore and the Crow's Nest pass in Alberta, when 500,000 tons of coal were sold to Japan. The miners in Canmore were not only able to hold their jobs in the winter but also in the summer. There was full employment in that area. That is just one example of what this government has done.

In the article in the *Financial Post* of February 18 Mr. Dalton Robertson says:

> There are here-and-there signs that spring may come early on the business front. More life in a growing number of indicators suggest that the bottom of the current recession may be very close indeed.

That is the kind of optimism I like to read. On what does he base those remarks? He says this with reference to some arguments as to what this government has done about the unemployment problem in this country:

> Housing starts are now staging a surprising comeback after a depressed performance throughout almost all of 1960. December starts were up fractionally from a year earlier, January starts were up an estimated 5 per cent—a big switcharound from the 21 per cent, 35 per cent, 24 per cent, 20 per cent, 28 per cent year-to-year declines in July, August, September, October and November, 1960.

He goes on to say that because of the housing situation there is now an economic comeback, and he says there is a sign that the recession low point has been reached. Then he goes on to say this:

> Business inventories as a whole give signs of being worked down healthily toward levels low enough to spark some new production.

In other words, he points out that the inventories of business are now at a low level, so they can go into full production. Those are the signs in business that show, it seems to me, the Canadian people and members of this house that there will be an improvement in the employment situation. This is because of action taken by the present government.

Mr. Dalton Robertson goes on to say:

> Industrial stock prices, usually a portent of things to come, continue on the upgrade. At mid-week, TSE industrials were still riding about 3 per cent above beginning of the year levels and 14 per cent higher than at their mid-summer 1960 low.

[Mr. Woolliams.]

It would seem to me, reading this article in the *Financial Post,* that Dalton Robertson has faith in this country and is an optimist. I have always said, and I believe this, that if one business has confidence in another business, if industry of one kind has confidence in industry of another kind, that breeds confidence in the whole of the economy and in that way, with a healthy business throughout the country, we can obtain full employment.

The opposition points today in a critical way to the monetary policies of this government. Let me ask them this question. Did the monetary policy of the Canadian government create unemployment in the United States? After all, I think we cannot overlook these facts. The economy of this country, whether we like it or not, is somewhat tied to the economy of the United States. When they have prosperity, we have prosperity; when they have a recession, we have a recession. After all, because of our geographic situation, because of our ties economically with that country—and this is something that has occurred over the years and has been going on since the time of confederation; it is not something new—we must face the that that as goes the economy of the United States, so goes the economy of Canada. When the opposition points and criticizes and blames the monetary policies of this government and says they are the cause of unemployment, how do they explain unemployment in the United States? It seems to me that when we talk about unemployment there are a few facts we should take into consideration.

Mr. Winch: On that phase of the argument, would the hon. member tell us what is the relationship in percentage terms of the volume of unemployment in Canada compared with the labour force as against the unemployment figure in the United States compared with the labour force?

Mr. Woolliams: I have not got the exact figures, but I may say that I think the hon. member's question is a fair one. I think the figures from the United States show that the percentage is less, but it depends on how those figures are made up—whether, for example, the unemployment figure includes married women who have ceased to work and who are drawing unemployment insurance. From the figures I have read, I would say the percentage is a little less, but, as I say, it depends on how the United States figures are composed.

To return to what I was saying, it seems to me that it is not primarily the monetary policy which affects unemployment. We should look at trade itself, and at the relationship between management and labour.

We should consider the effect of the European free trade bloc and its impact upon the economy of the Americas. We should also consider the recovery which has been made generally by those countries which suffered during the war. Let us take a look at our trade. I have already dealt with one item, but let us consider the position with regard to agriculture. I was most happy to learn this month that there have been 60 million tons of grain sold to red China—that this government has been conducting an explosive campaign to expand Canada's trade with countries abroad. It is my belief that as a result of an expansion of trade we will arrive at a healthy economy and, consequently, at full employment.

Now I want to say a few words with regard to management and labour. It seems to me as I stand in my place and think about my own area—and all hon. members have their own areas in mind—that there must be a responsibility placed on both management and labour to appreciate that in order to enlarge and encourage our trade we must be in a position to compete with countries such as Japan and Germany, to name only two examples. Over the years, these countries have eaten into our trade. Let us take for example, the manufacture of nails. At one time we used to export about 40 per cent of our production. Today we import 20 per cent of our production. We have to appreciate, of course—and I know these facts because I have appeared before the tariff board in relation to this particular item—that the wage rate in Japan is 17 cents an hour as compared with about $2.63 in Canada. Now we know that if automation grows rapidly in Canada or the United States we might be able to produce these goods at a competitive price despite the difference in labour costs. But I have been to Japan, and I have seen the growth of automation in Japan. It is increasing there just as it is in the United States. Yet they are working with 17 cent labour and we are working with $2.63 labour. These are the facts with which we must come to grips. These are the practical things. Can we compete with these nations overseas when our wages and prices are so high? It would seem to me that our tendency to price ourselves out of not only our own market but the markets of the whole world is the real basis of unemployment. It seems to me that if Canadians could learn to compete in trade and sell their products not only in our own market but in markets overseas we should be able to attain full employment. This, to me, appears to be the crux of the whole problem. This is why I say there must be a responsibility placed on both management and labour to work together, as two groups, with the government so that we may still be able to compete in world markets.

It is possible to point out that our trade, in many fields, has expanded. But is that expansion as great as it could have been? Take the item to which I have already referred—the manufacture of nails. There is a tremendous market for that product all over the world, not only in the Americas but also in those countries which were laid to waste during the war. The hon. member who spoke from the corner of the house a while ago recommended a controlled economy, or a socialist economy, as the cure for our economic problems. It seems to me that in reply I should put on record once again the position which his supporters actually take in this regard. The hon. member and his friends talk about a controlled economy. As I have said on other occasions, I come from the province of Saskatchewan, and in 1944 when they took over there were approximately 11,000 people employed in the manufacturing industries of Saskatchewan. After the hon. member's friends had been in office for 17 years, or some such number of years, this figure had risen only to 12,000. This might appeal to the Liberals: the leader of the opposition speaking in the provincial legislature recently pointed out that the premier of that province had boasted about bringing in some 60 new industries, whereas, on analysis, it could be shown that they had not arrived on the doorstep at all. This, of course, is the only evidence we have of any socialist experiment in Canada. They talk about unemployment being least in Saskatchewan. I do not know whether that is correct or not, but I do know that more people have left that province in the last 10 years than any province in Canada, and they are still pouring over the border to Alberta and elsewhere. No wonder there is no unemployment there; they just do not want to stay there under a controlled socialist economy. Now, if one looks back, this is the resolution the C.C.F. party passed in 1933—I wonder if they mean it, and if this is the kind of controlled economy they are talking about. This is what they said then:

> We aim to replace the present capitalist system—

I am reading from an article by J. M. Beck and D. J. Dooley which appeared in the Dalhousie *Review*—an article entitled "Labour parties, new and old". Incidentally, this article might be of interest to the hon. member for Peterborough (Mr. Pitman); it spells out so well the funeral of himself and his colleagues in the future.

> We aim to replace the present capitalist system, with its inherent injustice and inhumanity, by a social order from which the domination of one class by another will be eliminated, in which

economic planning will supersede unregulated private enterprise and competition, and in which genuine democratic self-government, based upon economic equality will be possible.

This is good:

No C.C.F. government will rest content until it has eradicated capitalism and put into operation the full program of socialized planning which will lead to the establishment in Canada of the Co-operative Commonwealth.

In the event, the C.C.F. party has not eradicated capitalism, capitalism in this country has eradicated socialism. The fact is that today in the labour unions people appreciate as never before that when management and capital harnessed properly together are making a profit, labour has a job and labour is earning salaries which make possible a higher standard of living. That is what is so contradictory about this resolution which was passed in 1933. But when they offered that policy to the Canadian people, we know the result. So they met again. They do meet from time to time. They met again in Winnipeg, in August, 1956, and they changed their ideas somewhat. This is what they passed at their last convention held in Winnipeg in August, 1956. I was not there, but they watered the resolution down:

The C.C.F. has always recognized public ownership as the most effective means of breaking the stranglehold of private monopolies on the life of the nation and of facilitating the planning necessary for economic security and advance.

This is refreshing:

At the same time, the C.C.F. also recognizes that in many fields there will be a need of private enterprise.

This is a complete contradiction of what they said in 1933. These socialists are now semi-capitalists. In fact, they are so capitalistic, Mr. Speaker, that when Mr. Fines made a million dollars as treasurer of Saskatchewan he went to live in a province under a Conservative government.

Mr. Winch: Mr. Speaker, on a point of order, the hon. member, standing in his place in this house, said that because Mr. Fines was the finance minister of Saskatchewan—

Mr. Woolliams: I never said that.

Mr. Winch: —he made a million dollars. I say, sir,—

Mr. Grafftey: The hon. member has it all fouled up.

Mr. Winch: Since the hon. member has made that statement about a former minister of finance of Saskatchewan, I ask him now to prove it or retract it.

Mr. Woolliams: I am very pleased to answer. I said this. After the provincial treasurer made a million dollars he then went to live in the province of Manitoba, under a Conservative government, where he could keep that money.

Mr. Winch: I rise on a point of order; I think it is a genuine one. Because the hon. member—I am sorry—the member, in all his talk has been making not a speech but—

The Acting Speaker (Mr. Rea): Order.

Mr. Winch: —a charge against a previous minister of finance of Saskatchewan that he as a C.C.F. member and as minister of finance made a million dollars, I ask that he produce these facts or retract immediately.

The Acting Speaker (Mr. Rea): Nothing has been said about any member of the House of Commons here. The hon. member for Bow River.

Mr. Woolliams: I might say—

Mr. Winch: The man is a liar in what he said about the minister of finance of Saskatchewan.

The Acting Speaker (Mr. Rea): Order.

Mr. Grafftey: Withdraw.

Mr. Winch: I will not withdraw unless the hon. member withdraws his charge.

The Acting Speaker (Mr. Rea): Order. We will wait for a moment until Mr. Speaker comes in.

Mr. Speaker: I am informed of a difficulty that has arisen in the course of debate. As I have it, the hon. member for Vancouver East, in referring to the hon. member for Bow River, used the words that "he is a liar"; and having been asked to modify, reconsider or withdraw that imputation, he has not yet done so.

The hon. member for Vancouver East is an old parliamentarian, and is familiar with the rules and practices of the house. From my experience, I know he has always been co-operative in matters of this kind. I express unhesitatingly my judgment as Speaker —and I have been entrusted with the responsibility by the house—that no hon. member should use such language in reference to another hon. member and if by any chance he does so, under whatever provocation may have compelled him to use those words, he should, on being advised by the Chair and out of respect for the authority of the Chair, do what he is asked to do regardless of what his feelings may be as a result of the provocation or regardless of the issues that may be involved between him and any other member of the house. What is involved here, what is at stake, is the capacity of this house to carry on its proceedings in an orderly and dignified way. The responsibility for seeing that that

is done is placed upon the Chair and depends in the final analysis on all members having respect for the authority of the Chair, whether they agree with any particular decision.

As I have said to the hon. member, it is my best judgment that such words should not be used, in these circumstances I would ask him to withdraw them.

Mr. Winch: Mr. Speaker, I am very grateful to you for having said that after my many years in Victoria and here, I understand the decency, the decorum and dignity of parliament. You were not here, sir, but the provocation was great. The charge which was made I knew was not correct. I tried three times to have it withdrawn. It was not. I then made the statement I did. The situation, sir, is rather strange in that the provocation was great. The charge was a lie, and so I called the man who made it a liar, when on three occasions I could not get him to withdraw his charge. However, sir, this I agree with. To me, the dignity, and the decorum of parliament mean everything. In view of what you have said, sir, I will, of course, immediately withdraw the word "liar". I am asking you, sir, to have a check made of the charges made against a former minister of finance of a province. How you can handle it as Speaker of this house I do not know but I ask you, sir, to study the record and the provocation and I will abide by your conclusion because I know you will do right. I hope that the hon. member who made the charges will have the same decency. I know the rules, sir, and without any qualification I withdraw the word.

Mr. Speaker: I take it that the hon. member for Bow River is satisfied with the unqualified withdrawal of the words which were complained of and were used. If the hon. member for Bow River, in view of what has been said, wishes to modify his statements, he will have an opportunity to do so now.

Mr. Woolliams: It is not that I wish to modify the statement in any way. I think my good friend from Vancouver East, and I say that because I have always respected him, misunderstood what I said. He took the viewpoint that I had said that this man as provincial treasurer had made a million dollars. I did not imply that at all. I am not suggesting by any means that he made it because he was provincial treasurer. I am saying that during the time he was provincial treasurer he made a small fortune and went to Manitoba.

Mr. Winch: Mr. Speaker, do we have to sit here and put up with this sort of thing?

Mr. Speaker: I take it the hon. member is explaining the remarks which caused the interruption by the hon. member for Vancouver East. Did the hon. member for Bow River (Mr. Woolliams) have the floor?

Some hon. Members: Yes.

Mr. Speaker: I take it he also is satisfied with the withdrawal.

Mr. Woolliams: Yes, I am.

Mr. Winch: In view of what the hon. member said, I would ask whether he is going to withdraw the reference he made to a provincial minister of finance?

Mr. Speaker: The hon. member for Vancouver East will be able to raise any appropriate question of privilege, if what the hon. member for Bow River says is not in accordance with the facts.

Mr. Woolliams: Mr. Speaker, before I was interrupted I was being most critical, may I say to the hon. member in the socialist party, with reference to the controlled economy which they recommend. I had dealt with their philosophy in 1933 and how it was modified in 1956. Now I am coming to the third phase because this afternoon this party has put forward their philosophy as a solution to unemployment. The labour party in Great Britain followed the same policies and it was shown there that they did not solve anything. In fact, the problem remained exactly the same. The fact is that the labour party in Great Britain is now going through somewhat of a revolution. They realize now that the philosophy they once preached about the standard of living of the workers is no longer attractive because workers in Great Britain and workers in Canada especially have a higher standard of living than probably any other workers in the world. So the labour party in England has changed its philosophy and is now making a different appeal. It is rather ironic that the new party seems to be following the philosophy that the labour party in England is now tossing out the door.

Finally, may I say that I feel the question of unemployment depends on the question of healthy trade relations between Canada and other nations. We can only obtain healthy trade relations if we can compete with other nations with respect to the products we manufacture and the agricultural produce that we grow. As I said in the course of my remarks, we have to have a responsibility for leadership on the part of both management and labour. We must be able to compete or take part in the new European free trade bloc. We must learn to compete. We must be able to compete with those countries which have now recovered generally after the war and

which are now making the same things we make and seem to be able to manufacture them more cheaply than we can. To me that seems to be the very crux of our problem.

To end where I began, may I say that it would seem that in the view of those people who have some knowledge of our economy, including the *Financial Post* which I feel in some ways can analyse the situation, the recession has now reached the low point, and it does seem to me that if at this time we follow a philosophy of confidence in our own economy rather than being critical we will once again bring about full employment in this country so that every Canadian worker can have a job and live with his family in dignity.

Mr. Winch: Mr. Speaker, I rise on a question of privilege. I do so because of what occurred a few minutes ago. I should like you to issue instructions that under no consideration can *Hansard* be changed so far as the speech of the hon. member who has just taken his seat is concerned. Would you take that under consideration as a question of privilege?

Mr. Speaker: Yes. The hon. member knows, of course, that *Hansard* is not subject to change. That is the rule. He should not assume that any hon. member will attempt to change *Hansard*. Unless otherwise ordered by the house the transcript is published as it has been reported.

Mr. Winch: If that is the rule and it is so ordered by yourself and will be complied with, may I then ask you to take under consideration something that has never happened in the time I have been a member of the House of Commons? An hon. member has made the charge that a man in the position of minister of finance of a province made a million dollars from his position. I ask you to consider that as a matter of privilege and to take under consideration whether such a charge can be made in the House of Commons and what can be done about it.

Mr. Speaker: If reflections are made on the character of members of the house that is, of course, a matter to be dealt with by the house. Statements that reflect on people outside the house can be taken exception to but that does not raise a question of the privileges of the house. The hon. member has taken exception to certain remarks which were made and which I did not hear. I suggest that he allow the matter to stand until the published report is available tomorrow. If he then finds that there is a question of privilege and he wishes to raise it, he may do so on the orders of the day.

[Mr. Woolliams.]

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, as the seconder of the amendment moved by the Leader of the Opposition (Mr. Pearson), I consider it a privilege to deal with the subject that he has introduced today. Before coming to my main remarks, I wish to make a very brief reference to what was said by the hon. member for Bow River (Mr. Woolliams). With respect, I think perhaps he will agree that no great portion of the remarks he made could be considered to be directed to the amendment in a pertinent way. However, to the extent that he did refer to monetary policy, tight money and so on, I simply want to make an observation or two.

Apparently he wanted to relate certain situations to what he referred to as "tight money" in 1956 and 1957. I presume he had reference only to the first part of 1957 when the former administration was in office. He made some references to unemployed walking the streets at that time because of the tight money policy, as he described it. To put the record straight, I simply want to refer the hon. member to the latest monthly report and statistical summary of the Bank of Canada, that is for January, 1961. In doing so I wish to suggest to him that if he will look at pages 54 and 55 of the summary he will find figures there concerning the status of the labour force sector of the population.

I want to point out to him that the situation in 1956 and 1957 to which he refers compared with the situation that we are faced with today is as different as day is from night. Under the column headed "unemployed" the annual average for the year 1956 of those without work and seeking work was 197,000, and that is calculated to be 3.4 per cent of the labour force. The government, of course, changed in the middle of 1957 and the average figure of unemployed for the whole of that year was 278,000. The percentage of the labour force was 4.6 for the year 1957 as a whole.

I simply want to refer my hon. friend from Bow River to the latest figures for the month of January, with which he is familiar, and point out that I am perfectly sound in saying that the difference is as great as that between day and night because the total unemployment figure last month was 693,000 and works out to 10.8 per cent of the labour force. I do not think my hon. friend from Bow River has really looked very carefully at the rates of interest that were prevailing in 1956-57, to which he referred, or has in any way made a careful comparison of these rates with the rates prevailing for money since the new administration took office in the middle of 1957. From the end of December, 1955 to June 26, 1957, the treasury bill 90-day loan

rates ranged from 2.56 per cent to 3.81 per cent during the term of the previous administration. I want to say that the maximum rate of interest on government securities to maturity that was offered by the previous administration was 4.3 per cent. Since the new government has assumed office government securities have been offered at an interest rate as high as 6.61 per cent. The treasury bill rate indeed hit 6.16 per cent for 90-day money only and 6.87 per cent for money offered by the government for six months.

Mr. Speaker, I also want to make a quick reference to some of the remarks that were made by the member for Kootenay West (Mr. Herridge). He expressed some surprise today that the official opposition did not directly refer in its amendment, and exclusively refer, to the unemployment situation. I am surprised that it would not occur to an experienced member like the member for Kootenay West that had this been done it might, in the near future, prove of considerable disadvantage to those of us who sit in opposition. The member should know that if a motion of that kind were made now it would preclude us from having a similar debate on a later occasion.

The hon. member for Bow River read some excerpts from last week's *Financial Post*, an article written by a Mr. Robertson, but he omitted to tell you that in that same article there is quoted the prediction that we may not have hit the low yet. Mr. Robertson referred to the "double bottom yet to come". If we, at this stage, took today full advantage of this opportunity to discuss unemployment in this formal amendment we would not be able to do so again at a later date when perhaps an even worse situation might exist. In addition to that I remind the hon. member for Kootenay West that it was not a member of his party who was the first member during this parliament to suggest that it would be timely to have the Bank of Canada examined in a parliamentary committee. I suggest to him, and I think he will find that I am right, that I happened to be the member who first made that proposal in this paliament in 1959. I repeated the suggestion the other day after the Leader of the Opposition (Mr. Pearson) received some rebuffs this session in this connection. I suggested that if the banking and commerce committee was not prepared to take up this subject, then perhaps the public accounts committee could do so. I am referring now to the debate of February 15 last.

I now want to follow up the basic points made by the Leader of the Opposition who was suggesting that the cheap and easy money has come too late in monetary policy, and tight money came too early in the cycle. In addition the Leader of the Opposition indicated that it would appear that the Bank of Canada, or whoever is giving direction to the monetary policy, is giving priority to decisions related to debt management rather than monetary policy for the purposes of elimination of unemployment and economic stimulation. The Leader of the Opposition suggested that these two purposes did not appear to be compatible.

As the present administration will soon have been in office for four years, I want to review rather briefly year by year the role that has been assumed by this government in connection with what the Leader of the Opposition described as one of the major tools for coping with the difficulties with which we are faced. Even the member for Kootenay West referred to the failure of the government to properly assume leadership in this field, and admitted this very well might be one of the root causes of the difficulties in which we are.

As I have said, we are all familiar with the fact that a new government took office in June of 1957. We know that very shortly afterwards they cancelled some public works and defence production expenditures which, of course, it was their privilege to do as they had not been responsible for putting them in the estimates, and it did not seem to matter whether or not the administration was directing its attention to fighting inflation or preparing against recession.

I think it is interesting to review some of the public statements that were made by the new Minister of Finance (Mr. Fleming) in the course of the few months following his assumption of office. It is obvious that the bogey to him in the ensuing months after assuming office was inflation, and it seems to be the bogey that has received the major portion of his attention ever since. This has received almost his undivided attention. I find in an address of September 13, 1957 to the newspaper advertising managers association of eastern Canada, delivered at Montreal, he is reported as saying:

> I said that it is the policy of the government to resist inflation. When the government is asking the people to exercise forbearance the people are entitled to require of the government that it do more than exhort them to productive and saving habits. Your government is endeavouring to practise what it preaches. Undoubtedly the full weight of government expenditure can, if allowed to run unchecked, let loose forces of inflation which are difficult to check. The new government was elected on certain undertakings, one of which was to eliminate waste and extravagance.

We know that toward the end of the year, December 6, to be exact, the minister had decided to give to the assembled House of Commons a financial statement. But in the meantime I think that some of his public

utterances can very well give to us a clear conception of what was in his thinking in so far as monetary policy leadership was concerned. On November 22, 1957, as reported in the Toronto *Telegram* the Minister of Finance (Mr. Fleming), in an address the day previous, was quoted as saying as follows:

> This is no time to be yielding to panic...
> If this is a national emergency all I can say is that practically every country of the world would like to have a national emergency like it...
> We are told that unemployment constitutes an emergency. I say to you that while we have some unemployment and the government will seriously grapple with it, there is no emergency.

The day before his baby budget was delivered in the House of Commons he delivered an address in Toronto to students at Hart House at the University of Toronto. On December 5, he stated as follows:

> No one can fairly say there is an emergency.. Canada has no "crisis" or "emergency" in unemployment—

His colleague who shares with him responsibility for preparation of the budget, namely, the Minister of National Revenue, (Mr. Nowlan), the month previous, gave a speech in Halifax. I quote what his thinking was in November of 1957:

> He urged the people not to be alarmed by predictions of severe unemployment this winter.
> There was always seasonal unemployment, he said and there would be seasonal unemployment this winter—but the picture for the future was brighter than ever and "there is not going to be depression."

There are other ministers who, in the same vein, made speeches at this time and these are quite indicative of the feeling of the government five months after assuming office. One must, however, find a little bit of amusement in one of the phrases in the budget speech of the Minister of Finance on that night of December 6, 1957, because, as reported at page 2009 of *Hansard* of that year, he said this:

> We trust the committee will, however, recognize the boldness of the government's program and the extent to which it will contribute to confidence and prosperity.

I remind hon. members that the budget proposed tax reductions in the sum of $26,000,000 only to the end of the fiscal year namely, March 31, 1958. At that date the Minister of Finance, with the exception of one or two subtractions of projects, was quite prepared to accept exactly the forecast of revenues which his predecessor Mr. Harris had proposed in the budget of March of that year. Mr. Harris had in March proposed for the course of the fiscal year tax reductions of a value of $55,000,000 and he had brought forward social benefits such as increases in veterans pensions, war veterans' allowances, family allowances, old age securities, old age assistance, pensions for the disabled, the blind and so on which he estimated would amount to $133,000,000 in a full year in addition to the tax reductions of $55 million which were proposed for a full year. There was no suggestion that the new Minister of Finance saw on the horizon economically anything that justified any radical departure from the basic plans that were already provided by Mr. Harris for the fiscal year 1957-58. The Windsor *Star* commented on this matter after the accounts for the year were available, and on April 4 had this to say.

Mr. Pearson: What year?

Mr. Benidickson: April 4, 1958. The Windsor *Star* had this to say:

> When our P.C.'s come out squealing their well worn alibi, "We inherited the recession from the previous government," it'll be well to remember this: Former finance minister Walter E. Harris forecast a $152,000,000 surplus for 1957-58. His estimates stood up so well that even after digging into that kitty to keep their "promises" the P.C.'s were no worse than $28,000,000 in the hole on March 31, 1958.

Indeed in this house after the budget of December 6, 1957, had been presented the Minister of Finance was given almost an additional two months in which to think things over. On January 30, 1958, as reported at page 4019 of *Hansard*, he repeated:

> I have no reason to depart appreciably from that estimate—

The one provided on December 6.

> —and I think at March 31 government operations for the year,—

Then, of course, he was patting himself on the back.

> —thanks to prudent management, will show a respectable surplus.

This I think is about eight months after the minister had taken responsibility for the department and there is no suggestion there that he saw ahead and was planning for anything in the nature of which the Prime Minister soon afterwards, in the election campaign, called a slide.

I now want to come to 1958. Let us have a look at the election. The election was all consuming in time and I think it concluded at the end of March and the government was returned. After a long time away from his office the Minister of Finance was back on the job in the matters of monetary policy and fiscal policy. In due course he prepared a budget in 1958.

Mr. Pickersgill: This time he called it a budget.

Mr. Benidickson: Yes; this time he called it a budget. But he was not very much worried about the situation in Canada economically. In the course of his budget address

of June 17, 1958, he said, "Oh, perhaps we are in a mild recession". And as found at page 1235 he said this:

—there are hopeful signs that we have reached the end—

We heard a great deal during the preceding months about public works which, it was suggested, had been provided in some way that was completely new and different from that in which they had been provided in the previous administration. I have here a comparison of the estimates, budgetary and other provisions, for public works programs. I have here the figures found in the blue book of estimates for 1956-57, 1957-58 and 1958-59, in what all members know is contained in one of the columns of a document placed at the back of the book. The heading of the column is "Construction or Acquisition," standard objects of departments. It so happens that for 1956-57 the previous administration provided more funds of this category—I refer to this make-work type of project—than was put in there in 1957-58. When one totals the whole thing one finds that the grand total for 1957-58 was $595 million. This was including loans and advances of a type that might establish work for our people if there had been an aim to create work in that climate. I remind you, Mr. Speaker, that the Minister of Finance had practically no changes to make in this area in December 1957. In the following year, when he himself was doing the full planning, this was raised, despite increases in prices and so on, to only $635 million.

The interesting thing is that most of the increases that occurred in 1958-59 were completely with respect to projects that had been started by the previous administration. I refer to the St. Lawrence seaway authority, which had an appropriation that went up from $100 million in 1957-58 to $128 million in 1958-59, and the trans-Canada highway, which again was based on a formula established by the previous government, and which had an appropriation that went up from $30 million in 1957-58 to $45 million in 1958-59.

Those items have very little to do with economic planning on the part of the Minister of Finance (Mr. Fleming). Because those increases are approximately $50 million one can see that some of the other construction items were actually shaved, notwithstanding the recession on the horizon.

Let us go on further regarding 1958. We had a winter works conference held, I think, in July of 1958. The Prime Minister (Mr. Diefenbaker) addressed that conference and minutes were recorded. On July 14, 1958, in opening the conference the Prime Minister said:

Government Monetary Policy

I welcome this gathering, which I hope will recommend action to be taken well in advance of the winter.

The Minister of Labour (Mr. Starr) was interested in this conference, and after it concluded this heading appeared in the press on July 16:

Labour Minister promises prompt action on winter work plans.

Then the minister was interviewed in August and the press heading is:

Winter job plan ready for cabinet.

Again, in September:

Cabinet studies jobless.

Labour minister Starr said today a government program to combat winter unemployment now is in the hands of the federal cabinet.

But nothing happened. On October 13 the mayors gathered in Ottawa and tried to impress the government with the importance of going forward with some of the proposals that had come out of this summer conference. These included such things as recommendations for sales tax reduction, or elimination of tax on materials used in construction during the winter months. It was urged that there be accelerated capital depreciation allowances for winter plant improvement, and that there be initiated federal-provincial-municipal cost sharing public works.

What was the dismal result? We know that the program of the federal government in this period of economic uncertainty and prospective heavy winter unemployment was not announced by the federal government until October 31. The provinces had then to make a companion offer to their municipalities. In my own province of Ontario the program for that winter was not available to the municipalities until November 21.

I say there was abdication here of the type of leadership so essential to make the most of the situation then prevailing. The house does not need to take my word for this. I can cite one of the most respected bankers of the land in his day. Unfortunately he is now deceased; I refer to the former president of the Royal Bank of Canada.

He looked back on the financial record of the new administration in the utilization of monetary policy for the purposes of creating employment and well-being in this country. I quote from page 13 of the annual report of the Royal Bank of Canada which followed the annual general meeting of shareholders held January 8, 1959. Mr. Muir said:

Last year, as in previous recession years and while the economy was still on the down grade, I urged tax cuts by government and price cuts by business. Instead of tax cuts last year which would have encouraged business activity while reducing pressure on prices, we got increased government spending. Instead of an immediate deficit last year,—

Washington Visit by Prime Minister

This is the important thing:

—timed to coincide with the depth of the cycle, we find ourselves today with a delayed deficit which has timed itself to coincide with the present recovery and the emergence of a new inflationary potential. For it is the great disadvantage of government expenditure as a cure for recession that it is both ponderous and irreversible; it takes time to get projects under way and once started they must be completed.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I understand the Prime Minister (Mr. Diefenbaker) would like unanimous consent at this time to make a statement on his return from Washington. We are delighted, of course, to see him back in the house.

Mr. Speaker: I gather from the reception to the remarks of the hon. Leader of the Opposition that unanimous consent is given.

EXTERNAL AFFAIRS

STATEMENT BY PRIME MINISTER ON VISIT TO WASHINGTON

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am deeply grateful to the house for giving me the opportunity to make a statement on the meeting which the Secretary of State for External Affairs (Mr. Green) and I had earlier today with President Kennedy and the Secretary of State of the United States, Mr. Dean Rusk.

I shall begin by reading the text of the communique which was issued at the conclusion of the meeting, for it sets forth in general the nature of the discussions which took place:

President Kennedy and Prime Minister Diefenbaker met today in Washington to discuss informally a wide range of international problems as well as bilateral questions of interest to the two countries. The Secretary of State, Mr. Dean Rusk, and the United States Ambassador-designate to Canada, Mr. Livingston Merchant, assisted in these discussions together with the Secretary of State for External Affairs, Mr. Howard Green, and the Canadian ambassador to the United States, Mr. Arnold Heeney.

The President and the Prime Minister welcomed this early opportunity for a friendly exchange of views between neighbours, in a tradition consistent with the long and intimate association between the peoples of the United States and Canada.

The President and the Prime Minister reviewed defence and security problems in all their aspects. They reaffirmed their purpose to work together for peace and freedom in the world. They expressed their readiness to co-operate wholeheartedly with all countries which sincerely seek this objective whatever the difference in approach or outlook. They recognized the central importance of the United Nations, as well as the essential role of direct diplomatic negotiation, in the pursuit of peaceful settlements. They agreed on the need to work steadily towards effective agreements under international control in the field of disarmament.

In reviewing bilateral questions of interest to the two countries, emphasis was placed upon the various consultative arrangements of a formal and informal character which have been developed between the United States and Canada as a valuable supplement to the traditionally close and friendly relations between the two governments. The President and the Prime Minister noted with satisfaction that joint meetings are about to take place in Canada between members of both houses of the federal legislatures of the two nations.

The President and the Prime Minister reemphasized the importance of close consultation on economic matters. They announced that the joint United States-Canada committee on trade and economic affairs will meet in Washington on March 13. This joint committee at cabinet level has been of great value over the years in furthering understanding between the two governments on questions affecting economic relations of the two countries.

I wish now to elaborate on the text of the communique by giving the house something of the atmosphere and substance of the meeting. I would emphasize at once that I found on the part of the President and the Secretary of State not only an attitude of the utmost friendliness but an obvious desire to assure the maintenance and continuance of the good relations which prevail between the United States and Canada. For my part, having had this opportunity to sit down with President Kennedy in a common, informal examination of the issues which face our countries, I have returned to Ottawa reinforced in my conviction that with good will and constructive endeavour on both sides there is no problem which we cannot surmount.

Our discussion began with a general review of the international situation. Naturally, the house will realize that I cannot go into detail, but there are certain subjects that should be mentioned.

The problem uppermost was the situation in the Congo and in particular in proceedings which are now taking place in the United Nations. Canada and the United States share the same aims in this complicated and dangerous crisis. We are agreed on the importance of preserving the independence and the integrity of the Congo and on the vital necessity of avoiding civil war in that country. We are agreed that in order to keep the Congo out of the cold war it is imperative to support the United Nations fully. Only in this way will it be possible for the Congolese, in freedom and without violence, and without interference from the outside, to reestablish the internal stability of their country and to provide a new cement to the structure of their institutions so as to work out their political destiny.

We looked at the situation in Laos where Canada, as a member of the international supervisory commission, has had a direct interest for some years. There have been developments there over the week end. These and related developments were discussed, in

general terms, with particular reference to the declaration of policy made yesterday by the King of Laos.

As to NATO, the President and I agreed that the United States and Canada, with all member nations, must collaborate in the work of building up the cohesion and unity of the alliance. I drew the President's attention to my continuing view that there are certain problems facing NATO which will require the attention of heads of government as soon as it is possible for them to be assembled.

In the field of joint defence on the North American continent we discussed a number of current questions, including in particular the Canada-United States defence production sharing program.

We also dealt in a general way with the economic field, not going into detail, however, because, as I mentioned earlier, there will be a meeting within the next three weeks of the joint committee on trade and economic affairs at cabinet level.

We discussed the problem of international surpluses and the food for peace program which is now also receiving the attention of the United Nations.

With regard to trade, I gave the President an explanation of Canada's view on trade between our countries and the importance which we attach to improving the trading position of Canada in relation to the United States.

We also discussed the organization for economic co-operation and development and I informed the President that the Canadian government would shortly be submitting the O.E.C.D. convention to parliament for approval. The President assured me that he shared the Canadian view regarding the importance of this convention which is now receiving congressional consideration.

Mr. Speaker, no one could meet with the President without being impressed by his broad and far-sighted view of international affairs. The President and his senior colleagues demonstrated in every way an understanding interest in the relations between our countries. The President revealed a ready desire to preserve the distinctive quality of the Canadian-United States partnership, with each nation discharging its responsibility toward the attainment of the common purpose and without the sacrifice of sovereignty by either country.

In the past we have had the privilege of hearing presidents of the United States speak to the Senate and members of the House of Commons. We have heard President Truman, and President Eisenhower, and I am happy at this time to announce that I extended an invitation—one with which I hope this house and the other place will agree—to President Kennedy on behalf of the Canadian government to visit Canada at some convenient time before the end of the current session of parliament. The President advised me that he would be glad to accept this invitation, subject to the determination of a time convenient to both our countries.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: The arrangements for the visit will be proceeded with through diplomatic channels. In extending the invitation I expressed the hope that he would mark his first visit to our country as President by consenting to address a joint session of parliament.

To summarize my remarks, I am more than ever convinced of the value of these informal meetings. There is something about our relationship which might well be a model for other nations in the world, as exemplified in the manner which was so evident today when we met together and discussed the problems which face our respective countries. Where there is disagreement we endeavour by mutual concession to arrive at a basis for amicable settlement, thereby epitomizing something which is so necessary in the world today.

This meeting should not be measured in terms of its duration or in the number of flags unfurled but in the opportunity it offered for better acquaintanceship, better understanding and also for making possible a discussion of common problems in a businesslike and informal manner appropriate to the closest of neighbours and friends.

To me this was a revealing and exhilarating experience. The President of the United States has the kind of personality that leaves upon one the impression of a person dedicated to peace, to the raising of economic standards not only in his own country but in all countries, and to the achievement in his day of disarmament among all the nations of the world.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I know it is after six o'clock but perhaps I may be permitted just a word or two to express our pleasure at this time at the Prime Minister's safe and speedy return and our great satisfaction with the message which he has been good enough to give the house about the results of his visit. I am sure all members of the house are particularly happy at the invitation which has been extended to the President to visit Canada. I understand the period is during the present session. That will give the President a good deal of leeway from which to choose a convenient date.

Washington Visit by Prime Minister

Like the Prime Minister, I think we are all impressed by the calm confidence and the sureness of touch with which President Kennedy has approached these grave international problems which confront him. It is a good thing for the Prime Minister and the Secretary of State for External Affairs to have continued a tradition of establishing close personal contact with the leader of the government of our neighbour, and it is a good thing that these close personal contacts now established can be supplemented by other machinery which has been set up over the years. We are conscious of the fact that a new addition to that machinery, the legislative committee of the two governments, is meeting at the present time. All this goes to show, Mr. Speaker, that there is no contradiction in the closest possible friendly relations with the United States with regard to matters of policy of joint interest and Canadian control of Canadian decisions in respect of that policy. There is no contradiction, either in Canada following Canadian policies but doing it in consultation and co-operation with her neighbour. Of course, we expect, all of us, that to operate also in reverse.

The Prime Minister was good enough to mention some of the matters which were discussed. I am amazed that in such a short time they could have covered so many important subjects. I confess that in my experience, in this kind of meeting, it would have taken us a few hours to agree even on a communique. Perhaps a communique was composed in advance, which is sometimes done. In any event, it is reassuring to know that the two governments are in such close agreement on these important things.

The Prime Minister referred to the necessity of re-establishing the independence and integrity of the Congo. At this time I cannot imagine any more difficult problem than that, and it will be solved, as the Prime Minister has stated, not by weakening but strengthening the United Nations and by keeping the cold war out of Africa; and by putting on African countries and some Asian countries the main responsibility for achieving this objective.

The Prime Minister mentioned NATO: I agree with him that here again the main thing is to strengthen, not weaken, NATO, in cohesion and in unity, but to do that in the light of the conditions of 1961 and not 1950, when NATO was born. I venture to say that if we were working out a north Atlantic agreement now it would not be in exactly the same terms as it was then, but the objectives must remain the same, the building up of collective action and collective security in the north Atlantic area.

The Prime Minister has talked about our good relations with the United States and the necessity for maintaining these relations. We all agree with that, I am sure. Neighbourhood, after all, Mr. Speaker, is a fact of geography, but good neighbourliness is a political achievement. I hope the Prime Minister's visit to Washington will strengthen and confirm that achievement.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, it is important to Canada that our Prime Minister and the President of the United States should have a personal relationship, and it is also important that the many outstanding common problems should be dealt with and solved to our mutual satisfaction.

I take it that the Prime Minister's visit to the United States was a very short one, and the opportunity he had to speak with the President was, I am sure he will agree, all too brief. I believe, from what has happened, this is just an introductory one. Although the Prime Minister made a rather comprehensive statement and went over a number of questions that had been discussed, the statement seemed to me to be rather bare of any concrete conclusions on a number of very important problems.

Apparently, there was no conclusion on the question of the arming of the Bomarc missile. Our stand in opposition to nuclear weapons in Canada is clear but this is certainly a problem that I am sure is in the mind of the Prime Minister. There was no settlement. The whole question of Canada's oil policy and necessary markets for Canada's oil—and this involves the United States—apparently has not been settled.

Although there was some allusion to the disposal of agricultural surpluses, the Prime Minister did not state any details as to the discussion of the way in which the United States has moved into very important markets of the world and provided part of their huge surplus food in those markets, at the same time making it more difficult for Canada to extend necessary food markets in those areas.

The Prime Minister went over a number of questions but he did not refer to any discussion of the operation of subsidiaries of United States corporations operating in this country.

A meeting between the Prime Minister of Canada and the President of the United States is necessary from time to time and I am certain is useful. Any contribution that can be made, following these discussions, toward a settlement in the Congo will be a very major contribution to the peace of the world and to humanity. I hope that as this very difficult situation unfolds it will be possible to achieve an arrangement whereby African nations

themselves may be given the main responsibility for restoring peace and order in that nation and allowing it to develop in freedom in the years ahead.

We shall certainly look forward to the visit of the President of the United States, and I am certain that all Canadians will welcome the announcement of the Prime Minister that at some date convenient to the President he will be with us in Ottawa.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

SUPPLY

UNEMPLOYMENT—GOVERNMENT MONETARY POLICY AND DEBT MANAGEMENT

The house resumed consideration of the motion of Mr. Fleming (Eglinton) for committee of supply, and the amendment thereto of Mr. Pearson.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I want to continue rapidly with this anthology of drift, procrastination and abdication in the field of monetary policy on the part of the government of the day. I was referring to 1958. I am not going to deal with the conversion loan. It was mentioned by the Leader of the Opposition (Mr. Pearson) and I know it will be referred to by others. I do, however, want to put on the record what the Bank of Canada had to say about their co-operation in this respect. We all know that this operation hogged the market to such an extent that municipalities, provinces and corporations were practically pushed out of the money market. The bank explains it this way on page 4 of the report for the year 1958:

> The degree of monetary expansion experienced prior to October 1 was substantially greater than would have been necessary or desirable for monetary and economic reasons alone but was, I believe, justified and unavoidable in order that a strenuous and successful effort might be made to deal with serious problems affecting the financing of the government's cash deficit and the condition of the public debt.

I simply want to draw the attention of the house to the fact that the amount of debt which will mature in less than two years is today considerably greater than the amount of the debt under two years prior to the conversion loan, so not very much progress has been made in this respect. Let us look rapidly at 1959. This was another year of hesitation, confusion and delay. I will just read quickly some of the headlines from the financial papers of Canada during 1959: "Organized Confusion", "Frenzied Finance", "Inconceivable Blunders", "Misguided Muddles", "Abdication of Leadership", "Gross Lack of Understanding", and so on.

We all know that this was the year when a new load of taxes amounting to $352 million for a full year was imposed upon the Canadian people. I want to remind the house that this government seems to be an Indian giver. They bragged a great deal about increasing old age pensions in 1957. At the rate of $9 per person the expenditure works out to about $100 million for a year, but if one looks at the amount of money that is likely to be brought in strictly for the old age security fund as a result of new taxes imposed in 1959 one finds that it works out fairly close to $200 million, so that for every dollar given in 1957 a tax of $2 was imposed in 1959.

Again, the same practice seems to have been put in effect in 1959 with respect to the unemployment insurance fund. Premiums were increased and it was estimated that the increased premiums would bring in an additional $97 million but the new benefits provided that year by legislation amounted to a calculated value of only $24 million, so that in effect another new tax was imposed amounting to the difference, namely $73 million. It would appear that in 1959 the Minister of Finance (Mr. Fleming) and the Prime Minister (Mr. Diefenbaker) for a great number of months while the interest rate was rising to unprecedented levels did not seem to see eye to eye and there was a great silence throughout the land. In that year those normally friends of the government made such comments as the following.

The Toronto *Globe and Mail* said:

> —under Mr. Fleming the government "has not yet arrived at a fiscal policy . . . is simply struggling to raise money for a 12-month period".

Mr. Meyer, the financial editor of the Montreal *Gazette*, had this to say:

> The lack of leadership here—how more exemplified than by the continuing and unconvincing insistence that the government has not imposed a tight money policy—has contributed quite as much to the high cost of borrowing as has the rising demand for funds on a fixed supply.

In October 1959 the president of the investment dealers association said:

> The underlying issue is the absence of leadership by the government in monetary matters.

I go quickly to 1960. We recall that the minister, with great pride, presented a budget which he thought would be balanced at least to the extent of a surplus in the small amount of $12 million. Unfortunately the surplus seems to have been the thing that has disappeared with the melting of the

snows rather than unemployment which the minister suggested would disappear when the snow melted in 1960.

We also find that the minister was wrong not only in 1959-60 but also in 1960-61 to the extent of 50 per cent at least in calculating the growth of our economy in real terms. We then had much fanfare about a special parliamentary session and accompanying that session we were to have a supplementary budget. I have indicated that there seems to be a tremendous amount of drift and procrastination and I say perhaps nothing demonstrates this more than what has happened during this session. We convened in haste and we in the opposition co-operated. We were asked to provide legislation for a productivity council. The council is not operating yet but the legislation was passed before Christmas. We were asked in the budget to provide double depreciation for new industries that might be established in depressed areas. All that has to be done in this regard is to pass an order in council. We have not got that yet.

So far as the National Housing Act is concerned, there was perhaps some opportunity for work-making features here. However, I want to remind the house that as recently as last July the government seemed to be wrong in its guess as to what would be needed in the housing field because the Minister of Public Works (Mr. Walker), who is responsible for housing, blamed the Minister of Finance for having to turn off the tap. According to a press release of July 15 the Minister of Public Works said:

> The present direct lending policy was restricted for fiscal reasons.

Well, Mr. Speaker, we know that in the months of July, August, September, October and November, 1960, housing starts declined 21 per cent, 35 per cent, 24 per cent, 20 per cent and 28 per cent in relationship to the previous year. This is the kind of forecasting as to our economic needs that we have been getting from the present government.

I suggest to you, Mr. Speaker, in conclusion that I cannot think of anything that this government has indicated to the Canadian people stood high, in its estimate, as an objective in finance policy, which this government has carried out. It talked about balancing the budget. We have each year had deficits of tremendous amounts. The government has said that spending should be reduced. I think the main estimates presented by this government this year in comparison to the estimates last presented by a Liberal finance minister are greater by about $1,400 million. Within a matter of weeks after taking office in 1957 the Minister of Finance (Mr. Fleming) rushed down to Hollywood, Florida, and made a speech in which he said that he was glad to be able to say that the cost of living had been checked. The cost of living index, when this government assumed office in June of 1957, was 121.6, and despite a recession we have the paradox that the cost of living index has gone up 8 points; as of December 31, 1960 the index stood at 129.6.

Mr. Speaker, I say that with this record the house and the country should be tired of the assumption from the minister that everything will come out all right, and with a bits and pieces form of legislation which is certainly not satisfactory. This thing has not been thought out in all of the years I have enumerated and the situation this winter is more serious than in any of the post-war years.

Mr. Bell (Carleton): Will the hon. member permit a question? Would the hon. member indicate to the house why he did not make this speech during the debate on the budget which concluded only 16 days ago?

Mr. Benidickson: I thought the hon. member for Carleton was the one complaining that I spoke too long on that occasion. I knew that some of these matters should be reserved for the debate on the resolution.

Mr. Chevrier: This speech is perfectly in order.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, at this time we are being asked to condemn the government for its share of the responsibility for the economic conditions in this country. I should like, Mr. Speaker, to take a good look at the economic conditions of this country, but I should like to look at them through the very document which the opposition seems to regard so gleefully; the latest dominion bureau of statistics weekly bulletin dated February 17, 1961. This is the bulletin in which the figure on unemployment was given, and which contains, as well other very important features which indicate a very sound situation in this country but which were overlooked. I should like to deal with these matters one by one.

The Leader of the Opposition (Mr. Pearson) in moving his amendment touched lightly on the unemployment situation as a background for his complaint that economic conditions in Canada are bad. I should like to look at the other side of the coin; the other side of the picture, because there is another side. I should like first to discuss the question of employment because employment is something that is overlooked in these arguments.

At page 2 of the dominion bureau of statistics release, we find this statement:

The labour force was 3.1 per cent higher than a year earlier, a substantially greater increase than the 0.8 per cent rise in employment.

Following that we find the figures in respect of the labour force, employment and unemployment. Comparing them between January, 1960 and January, 1961, we find that the labour force increased from 6,203,000 to 6,396,000, representing an increase of 193,000 in the labour force in Canada in that year. The number of persons employed from January, 1960 to January, 1961 has also increased from 5,656,000 to 5,703,000, representing an increase of 47,000. I might say that this increase has taken place during a period when ruin has been shouted across the country. The unemployed have also increased in number from 547,000 to 693,000, showing an increase of 146,000 which does not represent as great an increase as that in the labour force. Therefore, when we look at unemployment and say, yes we have unemployment and it has increased, we have also to look at the fact that there are more people working. There are in fact 47,000 more people working in spite of the fact that the labour force in Canada has increased 193,000 during that period of time.

We should look at the business conditions in this country. First, if we look at page 1 of the dominion bureau of statistics release under the subheading "Merchandising" we find the following statement:

Department store sales in the week ended February 4 were 8.9 per cent higher in value as compared to the like 1960 period. Chain store sales in 1960 reached a new peak of $3,441,775,000, up 4.9 per cent from 1959's previous high of $3,280,263,000. Sales were larger for 7 of the 11 specified trades.

Looking at the details on this item at page 15, we find that the following statement is made:

Department store sales in the week ended February 4 were 8.9 per cent higher in value than in the corresponding period last year, according to a special D.B.S. statement. All regions posted increases as follows: Atlantic provinces, 19.0 per cent; Quebec, 9.5 per cent; Ontario, 6.3 per cent; Manitoba, 3.0 per cent; Saskatchewan, 9.3 per cent; Alberta, 5.6 per cent; and British Columbia, 13.6 per cent.

Turning again to chain store sales in 1960 we find that the following appears:

Chain store sales in 1960 advanced 4.9 per cent to an all-time high of $3,441,775,000 from 1959's previous peak of $3,280,263,000. Sales were higher than a year earlier in all months except May and October.

Finally, sales were larger in 1960 than in 1959 for seven of the 11 specified trades which the dominion bureau of statistics investigated.

Having looked at these particular items of business conditions I think we should look at another matter that causes us concern and that is border crossings: vehicles entering Canada from the United States.

Vehicles entering Canada from the United States in November numbered 1,203,600, an increase of 10.7 per cent over the corresponding 1959 month. Entries in the January-November period rose 2.3 per cent to 17,524,100.

In looking at the details of these on page 14 we find that border crossings in the January to November period were 17,524,100 versus 17,132,700 a year earlier, a rise of 2.3 per cent.

Just incidentally, Mr. Speaker, may I say that there is an extremely interesting item—I do not know whether or not there is any direct connection—on page 10 of the D.B.S. release, namely "Shipments of foundation garments". The D.B.S. release shows that foundation garments are up and that raw hides and skins, the next item, are down. To complete the picture, we find that the population of Canada, as of January 1 this year, has reached an estimated 18,041,000 representing a rise of 2.1 per cent from a year earlier and a gain of 12.2 per cent from the 1956 census. I do not think the population increase is directly attributable to the government but since everything else that goes down is charged against the government, perhaps when something like population goes up they can take a little bit of credit for it.

The other item with which we are very much concerned is the premium on the Canadian dollar. It is not long since the premium was about 5 per cent and 6 per cent, a matter causing great concern to our exporters, our tourist operators and other persons who were deeply affected by the high value of the Canadian dollar. Today the Canadian dollar is 1.1 cents higher than the United States dollar. There is no need to point out the advantages that are accruing and will accrue from this fact. The export trade is going to benefit. The figures that I am about to quote in connection with the export trade were arrived at before the so-called baby budget at the end of this year and their effect had not yet been felt by the time these trades statistics had been compiled.

I should like to look for a moment, in connection with external trade, to the D.B.S. weekly bulletin, issue of Friday, February 3, 1961. Under the item "External Trade" we find the following:

Canada's trade with other countries reached a new peak in 1960, being valued at $10,891,100,000, an increase of 2.3 per cent over the 1959 value of $10,649,200.00. Total exports in 1960 were valued at $5,395,300,000, a rise of 5 per cent over the previous record attained in the preceding year, while imports at $5,495,800,000 were fractionally less than in 1959.

Along the same line in connection with the export trade, we find that the balance of payments is gradually adjusting itself. I should like to refer to the D.B.S. release of December 23, 1960, in connection with the item "Balance of Payments" under which we find the following:

There was a sharp contraction in the deficit from international transactions in goods and services between Canada and other countries in this year's third quarter. At $114 million this was less than one quarter of the size in the previous quarter and only a little more than one third of the deficit in the same quarter last year, and less than in any third quarter since 1955.

I think that these figures can speak for themselves. They indicate that while there is unemployment there is also increased employment. They indicate also a good financial and economic picture in this country. I should like to refer to some remarks made by the hon. member for Kenora-Rainy River (Mr. Benidickson) as he was taking his seat. He referred to the consumer price index. If we look at the D.B.S. release of February 17, 1961, the latest one on which we are basing all our other figures, we find this item on page 7 which will give the picture with regard to the consumer price index:

Consumer price indexes declined in all ten regional cities between December 1960 and January 1961 with decreases ranging from 0.1 per cent in St. John's to 0.5 per cent in Toronto.

Food indexes declined in all but one of the ten regional cities with decreases ranging from 0.2 per cent in Montreal to 1.3 per cent in Toronto.

This is at a time when the economic situation in this country is good. The consumer price indexes being held down prevents inflation or the dangers of inflation where people living on a fixed income find the situation difficult with the ever rising cost. I do not say that the consumer price index has been checked or levelled off. But I should like to look a little bit more closely at the figures quoted by the hon. member for Kenora-Rainy River. I feel that he did not give the whole picture in the one instance he picked. The consumer price index in 1949 in June—and I will take the month of June because that is the month he used to start off with; that is the month that the present government took office—was 99.6. From 1949 until 1957 in June there was an increase in the consumer price index in this country of 22 points in a period of eight years or an average increase of 2.7 per annum. In the three years in which this government has been in power the increase has been six points or two points per annum, a difference of 0.7 per annum in the increase. The average increase has been checked and it is beginning to decline.

To take the consumer price figures as of now and to relate them to the D.B.S. release that I have just mentioned, from January 1949 until January 1957 the consumer price index rose from 99.8 to 120.3. This was a rise of 20.5 points in eight years or an average of 2.5 points per annum. In the four years from January 1957 to January 1961, the consumer price index rose from 120.3 to 129.4 at which it stands at the moment, an increase of 9.1 points in four years or an average of 2.3 points per annum.

Mr. McIlraith: Mr. Speaker, I wonder whether the hon. member would permit a question about the figures he is using.

Mr. Aiken: Yes.

Mr. McIlraith: Would the hon. member agree that the Korean war, in the first period he has reference to, did have a bearing on those figures?

Mr. Aiken: I suppose one could say that. You could take any given period of time and any given number of reasons. The increase in the cost of living certainly rose very sharply in the period between 1949 and 1954.

Mr. McIlraith: The Korean war.

Mr. Aiken: If the hon. member wishes to credit this to the Korean war he might be honest and credit the unemployment drop in the same period to the same thing. We hear constantly the figures of unemployment and how they dropped during the Liberal regime in 1951, 1952, 1953 and 1954. Certainly they did. Unemployment dropped, and the consumer price index went up. But you cannot have it both ways. If you are going to credit the one to the Korean war, you have to charge the other to the same event. One can take a set of figures and make them prove anything, I suppose; but you have to take figures over a long period of time to indicate what is the real situation.

Taking this particular release of February 17, 1961, there is one black note in the release, and that is the unemployment figure. The other figures in there are very, very optimistic and indicate a very healthy situation in this country, such as the increase in employment and the increase in the labour force. We are getting ahead of the game by a small margin even at this time when things are bad. The unemployment problem is only one thing, and I believe that with the methods the government has undertaken it will be overcome in a short period of time.

Mr. W. H. McMillan (Welland): Mr. Speaker, I have heard the Minister of Finance (Mr. Fleming) say many times that he is not responsible for the monetary policy in Canada. I do know that on July 3, 1934, royal assent was given to an act to incorporate the Bank of Canada. I do know also that certain powers

were given to the governor, the directors and the executive committee so that they might regulate the currency and credit in the country to the best interests of the economic life of our nation.

I have read the Bank of Canada Act, and section 23, subsection (1) reads:

> The bank shall act as fiscal agent of the government of Canada—

Et cetera. Then subsection (2) reads:

> The bank, if and when required by the minister so to do, shall act as agent for the government of Canada in the payment of interest and principal and generally in respect of the management of the public debt of Canada.

I have always held the view that the Minister of Finance, as this subsection implies, has control over our debt management. If we have good debt management in this country it is much easier for the bank to operate, but if we have bad debt management, as we have had during the last three years, it is much more difficult for the bank to operate and provide all the extra funds this government requires.

In my opinion there is no one living who could adapt the policies of the bank to the inconsistent and changing demands of this government which requires a great deal of money all the time. We have read articles in the press criticizing the governor of the Bank of Canada both for our fiscal policy and our monetary policy. There is no doubt that the frequent statements of the Minister of Finance disclaiming any responsibility in connection with our monetary policy throw certain criticism towards the governor of the Bank of Canada. I think this criticism should be thrown directly at the government, where it properly belongs.

There is no doubt that the minister always knows what is going on in the Bank of Canada. Before the banking and commerce committee on March 18, 1954, as reported at page 715 of the minutes of proceedings of that committee, the former governor of the Bank of Canada, Mr. Graham Towers, said:

> The government of course, either through the deputy minister of finance who is a member of the board and executive committee or through quite frequent conversations between the governor and the Minister of Finance, is always aware of what the Bank of Canada is doing.

Mr. Towers also went on to say:

> The situation is that parliament has placed squarely on the shoulders of the directors and management of the Bank of Canada the responsibility for monetary policy.

There is no alibi possible for the central bank. Then he went on to say this:

> On the other hand, there is no alibi possible for the government, because if government said: Well, we disagreed with what the central bank did, but parliament has placed the responsibility on them, so what could we do? The answer obviously is that the administration of the day, supported by a majority in parliament, can always alter the legislation. In fact, I doubt whether a disagreement would ever necessitate such a thing, because there are various ways and means by which directors and management can be got rid of. I am sure that in the case of a serious disagreement that is what would take place.

These statements were made by Mr. Graham Towers when he was under close questioning by the then hon. member for Eglinton, now the Minister of Finance. That occurred on March 18, 1954, before the banking and commerce committee. I might say that Mr. Towers and Hon. Mr. Abbott gave similar answers to questions asked by the hon. member for Greenwood (Mr. Macdonnell).

Why does the Minister of Finance refuse to take any responsibility in connection with the Bank of Canada? The fact is that the fiscal policy of this government has become so bad, so much blame has been directed towards the Minister of Finance, that he finds it convenient to let somebody else take it all, if he can get away with it.

Why does not the minister say he either agrees or disagrees with the policy of the Bank of Canada? I cannot imagine the Minister of Finance disagreeing with the governor of the Bank of Canada and saying nothing; it is not his nature. After all, we all recall that at the Mont Tremblant conference he spoke up rather violently; at least the press said he did and some of the members of the press said he used sledge-hammer tactics when softer and milder words would have better fitted the occasion. He used that kind of language in connection with Mr. Thorndyke of Great Britain. We all recall the threats of retaliation used by the Minister of Finance towards Great Britain—

Mr. Fleming (Eglinton): There never was any threat of retaliation.

Mr. McMillan: It appeared in the press. We all recall those threats concerning Great Britain joining the European bloc of nations.

On the other hand, the other night in Chicago the minister spoke up fairly sharply, I thought, when he brought to the attention of the United States the situation with regard to purchases of Canadian oil. Certainly, the government of Canada and the Bank of Canada are in agreement. If they are not, what is so sacred about the Bank of Canada Act? It has been amended on two occasions to my knowledge and it could be amended again. This government, with its great majority, could easily bring that about. Parliament is supreme. What parliament has done, it can amend. The minister would have us believe that there are two sovereignties in this country—parliament and the Bank of

Canada. Now, Mr. Dunning said in the house in 1936, as reported on page 3262 of *Hansard*:

> The bank may and should resist temporary gusts of public fancy, but in the long run it must show responsiveness to public opinion. In the long run, the bank in the performance of a vital sovereign function must be responsible to the sovereign will expressed through government. There cannot be two sovereigns in a single state.

The government either agrees with the Bank of Canada or it does not, and if it does not and does nothing about it it is spineless. I think it is wrong for a government such as ours to abrogate the authority given it by the people of Canada. I do not think this government should keep on sidestepping and refusing to take responsibility. This leads me to wonder, Mr. Speaker, are they men or are they mice? I know the Minister of Finance will try to talk about something Mr. Harris said. I know that Mr. Harris said at one time on the orders of the day, when he was asked about an increase in the bank rate, that he had nothing to do with that particular increase in the bank rate. That was the case. He certainly had nothing to do with it. However, Mr. Harris said, he had been consulted by the governor of the Bank of Canada, and while the former minister of finance did say he had nothing to do with that particular rise in the bank rate, at no time did he go on record as saying he did not feel responsible for the over-all policy of the Bank of Canada.

We all know that money is like any other commodity inasmuch as the cost of money depends on the supply and demand. The Minister of Finance has been responsible for the high demand and this in turn has resulted in high interest rates. Suppose we assume that the Bank of Canada had all to do with the high interest rates we are paying. Then I say the minister in his own jurisdiction is on record as being responsible for paying higher interest rates on the money he has borrowed. On several occasions, and in particular on January 16, I referred to the various gimmicks which were used in connection with his bond sales. The one to which I referred on January 16 was the 3 per cent 19 months' bond sold at 94.65 to the wealthy friends of this government. Those who bought that bond, if they were corporations paying 50 per cent income tax, had over 5 per cent net after income tax, equal to 10 per cent net before income tax. There have been several bonds of this particular type put out and, in fact, $125 million worth of this issue were sold. At the same time, bonds at 5½ per cent were sold to the public at a smaller discount than those sold to the big investors at 94.65. I suggest to the minister that there is a lot of room between 5½ per cent and 10 per cent where he might have stopped instead of paying those people who wanted to dodge income tax. Even though we assume that the Bank of Canada is responsible for the 5½ per cent or whatever other interest there is it can hardly be said that they are responsible for these big gobs of bonds, and for the profits which are being made, not always but generally, by wealthy people.

In 1957, when Mr. Harris was minister, we were paying our way and we had a daily surplus of $400,000. Then, as I said on January 16, the present minister brought in his baby budget in December, 1957 which changed this surplus into a deficit of $2 million. Every day, and day after day, we have a $2 million deficit when you consider the government's overspending and the depletion in government accounts. No matter what is said of the Bank of Canada we should all realize that the Bank of Canada must see to it that hundreds of millions of dollars are channeled into the Canadian treasury every year in order that this government may meet its huge deficit and other obligations. This is no longer an easy task. I do not think the governor of the Bank of Canada or anybody else could induce bond holders to go on buying long term bonds after the stinging the minister gave those bond holders who bought 4½ per cent bonds at the time of the conversion loan. We know that those bonds fell to a point almost 20 per cent below their face value.

Manu long term bonds were sold to people who could not afford to put up the cash for the duration of the bond; they were willing to put up their cash for a time, intending to sell the bonds later. However, they found out when they came to sell that the value of the bonds had dropped very considerably. They went to the bank, and the bank would not lend any money on the bond. This condition continued for a considerable length of time. I know of some people who had to sell their bonds at a loss and, to say the least, they do not feel enthusiastic about the minister's financing.

At the time of the baby budget in 1957 some sections of the press referred to the budget as budgeting by fraud in that the minister was projecting a surplus over the last three months of the fiscal year when in fact over the whole year there had been a big deficit. Of course, he had a deficit anyhow. Then came the election in March, 1958, and to put it mildly I do not think the handing out of the benefits under the unemployment insurance scheme was meant in any way to lose this government any votes —certainly not in my part of the country, anyhow. Then a little later, came the government's first full budget. At the time of

that budget the minister told us he would need a great deal of money during that summer, and immediately afterwards the hon. gentleman launched the conversion loan which, I will say, was ill-conceived and certainly ill-timed.

We all remember the high pressure that was put on holders of victory bonds to change their 3 per cent bonds to long term 4½ per cent conversion loan bonds, and we know that the Minister of Finance and the Prime Minister (Mr. Diefenbaker) both went on the air in support of this program. They paid the public a bonus to switch. During that compaign, on September 4, 1958, I related to members in this house how I had witnessed the conversion of two bonds. I gave the details of the conversion of one bond. I saw one man at a bank with a $10,000 bond to be converted. It cost the government $350, including $51 accrued interest, to change that bond from a 3 per cent bond to a 4½ per cent bond. In other words, the bonus was $250, the commission to the bank was $100. The government put up $350 to change one bond on which they had paid $300 a year interest to one on which they had to pay $450 interest thereafter, an increase of 50 per cent.

The market became glutted with bonds at that particular time and I understand that most of the small people traded in their bonds. This was not true of the big investment companies. Because those big investment companies unlike the unemployment insurance fund, did not trade in their bonds, they were able to wait around for a higher interest rate that they could get in gimmicks and in treasury bills.

The Minister of Finance and the Prime Minister told us that the patriotic thing to do was to convert. The Prime Minister said it would mean bigger and better jobs. They both said that the provinces and the municipalities would be able to borrow to better advantage. In fact, they said everybody would get money cheaper. We on this side of the house said that the opposite would result. We said that it would cost the provinces and the municipalities more money; that it would cost business more money; that it would bring about stagnation in our economy and unemployment. Certainly, nobody will say that that has not come about. Since we knew that the ministers would be requiring new money at the time of the conversion loan this was not hard to see. You did not need to be clairvoyant or a crystal gazer; you did not need to be an economist, you just had to use common horse sense. I am surprised that the minister himself did not see this.

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

Mr. McMillan: He is generally wrong. I know that on two occasions he prophesied a surplus, but on both occasions he was wrong. I will not get into an argument with the hon. member for Greenwood (Mr. Macdonnell) on whether he was 100 per cent wrong or not wrong at all, but at least he was wrong on both occasions.

The interest on our debt is up $200 million over 1958 and when you include the extra bonuses and commissions in the last three years, the extra interest has aggregated $600 million. Our extra interest bill per day is over $500,000, and is very close to $600,000 a day.

During the high pressure sale of the conversion loan I predicted our extra interest bill, because of that conversion loan alone, would be $64 million a year. I hit it almost on the nose. I was a little under, however, because I did not take into consideration the cost of printing, bonuses and commissions, which brought it up more than that.

In talking about the extra interest on the conversion loan on September 4, 1958, I said that the extra interest which the Minister of Finance was putting on the people of Canada would build 100 printing bureaus, one every three months for the next generation, or one almost every mile from here to Montreal. All I can say is that I underestimated at that time.

The conversion loan got us into a trap. It is a trap of the government's own making. As expensive as the conversion loan was, it was cheap when you consider the financial manoeuvring and wiggling that have been going on to try to escape from the effects of the loan. I say that the government will never escape from that and we know, if we start talking about printing bureaus—and that subject was to the fore at that time—that the minister could have 36 printing bureaus now before the ink is dry on the last bond that was sold.

I just wish to say a word or two about unemployment. All of this has had a serious impact upon our economy. Many of the unemployed people are in serious financial straits. In many instances their unemployment insurance has run out and they are on relief. The amount of relief is inadequate and varies from municipality to municipality. I read many accounts of the plight of the unemployed in the minister's home of greater metropolitan Toronto. We can see accounts in any of the Toronto papers. Social workers in Toronto are on record as saying that this help is inadequate. They describe men who go from social agency to

social agency to get enough help to keep their families together. This surely is not good enough in a society where the government has contrived, deliberately or otherwise, to pay high interest rates to those who have money. I think this is a terrible indictment of the government. This surely is not in keeping with the promise of the Prime Minister that no one would suffer from unemployment as long as he was Prime Minister.

In connection with unemployment, I notice different hon. members rising in their places in the house and talking about, or giving figures on, unemployment at this time, and comparing it with previous times. I think they forget one thing. They forget that the unemployment insurance fund went up from zero to over $900 million under the former administration, and in these last three years it has come down to a point where it is almost bankrupt. I think the advisory committee admits that in their last report.

What has been the government's cure? The government called us back here early in the fall and the minister brought in a budget. There is only one thing in the budget designed to stimulate our economy, and that is this: The minister raises from $25,000 to $35,000 the amount on which the lower 21 per cent of the corporation income tax will apply. Out of this new provision a firm making $30,000 would save $1,500, and a firm making $35,000 or more would save only $3,000. This is not enough in either case to put one man to work.

There is another plan in the budget under which the minister says he will allow double depreciation for one year in those distressed areas where they have had chronic unemployment for some time.

Mr. Fleming (Eglinton): I rise on a point of order, Mr. Speaker. The hon. gentleman thinks he is back in the budget debate. The budget debate was concluded several weeks ago when the motion to resolve the house into committee of ways and means was adopted. The resolutions can be discussed in the committee. Therefore, I suggest it is not relevant to this present amendment concerning monetary policy and similar questions. Surely, we are not discussing the budget resolutions on this amendment.

Mr. Chevrier: Mr. Speaker, I submit with deference to you that the discussion which has been carried on by the hon. member is clearly and squarely within the terms of the amendment. I think it ill becomes the Minister of Finance to raise a point of order on that matter. If he had wanted to do so I think he could have objected earlier in the remarks of my hon. friend. He did not, and the hon. member who has the floor now has been dealing exclusively with the amendment now before us.

Mr. McMillan: Mr. Speaker—

The Acting Speaker (Mr. Rea): Order. I do not object to the hon. member referring to the budget, and ways and means, but I do not think he should make his whole speech on the budget. I suggest that he come a little closer to the amendment.

Mr. McMillan: I will leave unemployment since we can deal with it at another time and I will touch on another subject which is perhaps appropriate in this debate. I have here an issue of the St. Catharines *Standard* of a little over a year ago. At that time Mr. Grosart of the Prime Minister's office was in the Niagara district making a speech to the party faithful.

An hon. Member: Where was that?

Mr. McMillan: In the Niagara district.

Mr. Fisher: He is their organizer.

Mr. McMillan: According to his speech, he was not worried about the debt because he said it was easily manageable. He said that he thought the Minister of Finance found the debt easily manageable. Mr. Grosart referred to another matter. He did not think that the government was getting through to the people. I think I can ease his mind on that score and say that the government has got through well to the people. I never knew before who the mentor of the Minister of Finance was. Unfortunately Mr. Grosart's statements do not appear in the press very often and it is hard for us to know what the financial and fiscal thinking of the government is. The Minister of Finance certainly does not take us into his confidence and we would like to get some information from someone in the government.

The other night the Minister of National Revenue (Mr. Nowlan) was in London and he talked about the possibility of an increase in income tax and of a deficit next year. I do not think there is anything new about the matter of a deficit because I think it was three years ago that I predicted that the present Minister of Finance would never have a surplus. Therefore I do not think the Minister of National Revenue (Mr. Nowlan) was giving us any new information.

Mr. Woolliams: Could I ask the hon. member a question?

Mr. McMillan: After I am through. If I am not out of order, Mr. Speaker, I will make a short reference to trade. The government is trying to do all it can to boost our economy by increasing trade. In December,

1957, the government sent a buying mission to Great Britain. I think the government got things backwards. The Prime Minister gave the members of the mission a great send-off. He told them to buy and not to sell. They went to Britain to buy at a time when industry there was working at full capacity. At that time we had a considerable number of unemployed in this country and in the case of such orders as were placed in Great Britain the mission had to take deferred delivery dates.

Now we have a minister who is following a hard sell policy. We know he is following a hard sell policy because he called a number of trade commissioners to Ottawa and he told them that their chances of promotion depended on their success in the hard sell. We know that we have now sent people to England to try to sell three years after we sent a buying mission there, and at this time industry in that country is somewhat slack and is therefore much more competitive in their home market where we are trying to sell. As I said before, I think the government pays too much attention to politics and not enough attention to government.

Mr. Pickersgill: That is putting it mildly.

Mr. McMillan: The Prime Minister and the premier of Ontario met in Toronto not long ago and a spokesman at the meeting said:

> The party feels that the government has had a good program but we haven't sold it.

The Prime Minister said that the Conservatives plan to mobilize in every part of the country and to expand information services to furnish data on the courses of action taken by the government and how it has fulfilled its promises. "We have just begun to fight", the Prime Minister said, in an apparent reference to the next election. He said that the Conservatives would expand their information services. This is another way of saying that the government feels it has not been able to get through to the public in the way that it would like to. It is another way of saying that the image is not in sharp focus.

This may be a little out of order, Mr. Speaker, but this is just another aspect of the hard sell. From this I can detect that the Conservatives are aware of something sinister and they seem to lament that you cannot sell something that is unsalable.

The hon. member for Parry Sound-Muskoka (Mr. Aiken) said that it was time to take a good look at our economy. He enumerated different items and all his comparisons were made with last year or the year before which were also Tory years. I have made a tabulation of different aspects of our economy. Our fiscal policy, while not the sole cause, has had an adverse effect in producing these effects: 1. Unemployment is reaching new post-war peaks every month. 2. Carloadings are generally down over corresponding figures of previous years. 3. Business failures are away up so that the press compares them with those in the days of R. B. Bennett. 4. Steel production, the indicator of business, is away down. 5. Mortgage money is so high in cost that many people cannot afford to buy a very modest home. 6. Taxes at all levels of government are year by year reaching new peaks. 7. Hungry people are walking our streets. 8. According to articles in the press, our prestige abroad has dropped, and according to the article, "Canada, A Nation Without a Face", in the current issue of the *Financial Post*, our prestige is reaching new lows. I do not see how anybody can come to any other conclusion but that our prestige is going down. I hope this is not right. I hope that the government will not expect the governor of the Bank of Canada to take any responsibility in connection with these matters.

Mr. Woolliams: You differ with your leader.

Mr. McMillan: 9. Our bonds have sold among the lowest of the western free world and foreign financial papers, including those in London and elsewhere, criticize our fiscal policy and say we are in trouble. 10. The cost of living is at or near the all-time high. 11. Through lack of decision in the cabinet we maintain interceptor aircraft under NATO in Europe and at home in Canada that are not fast enough to intercept an ordinary commercial jet aircraft.

The people of Malton were building a plane, the CF-104, of which the people of Canada and in the industry could be proud. No matter whether Canadians disagreed with the breaking up of that industry, I think they all lament that the three or four planes at or near completion were put to the blow torch and cut up into little pieces so that nobody could see how good the planes were.

Mr. Woolliams: On a point of order, Mr. Speaker, I cannot see that this is material to the debate. The Avro Arrow was as outdated as manufacturing horse collars would be today as far as the agricultural economy is concerned. What has that to do with the debate?

Some hon. Members: Oh, oh.

Mr. Chevrier: After the speech you made, you should be the last one to raise a point of order.

Mr. McMillan: Apropos of this, Mr. Speaker, I notice in a letter—the writer being

from San Diego, California—it is stated that most of our aircraft workers who went there still recall the anniversary of Black Friday.

The Acting Speaker (Mr. Rea): Order. I think I have allowed the hon. member to get into a discussion of the aviation business quite far. Perhaps he should now come back to the subject.

Mr. McMillan: I will try to return to a discussion of the economic situation in this country.

After listening to the hon. member for Yukon (Mr. Nielsen) the other day I really felt that the great northern vision had disappeared or became a fleeting mirage.

The people have lost confidence in our government—

The Acting Speaker (Mr. Rea): Is the hon. member for Yukon rising on a point of privilege?

Mr. Nielsen: On a question of privilege, Mr. Speaker. I do not think the hon. member from Welland intended to refer to me when he did. I think he must have mistaken me for someone else.

Mr. Chevrier: What is your point of privilege?

The Acting Speaker (Mr. Rea): Could the hon. member tell me what the point of privilege is?

Mr. Nielsen: The hon. member from Welland referred to something attributed to me which I did not say.

Mr. Chevrier: It is on the record.

Mr. McMillan: Because of the fiscal policy, people have lost confidence in this government which has promised to do much but has done little. If the government would only say what it means, and mean what it says, there might be some return of the confidence required for a healthy economy in this country. If the government would say less about its politics and would remove itself from indecision we would all have less to criticize it for, and would not have to ask then, Mr. Speaker, are they men or are they mice.

Mr. Woolliams: Mr. Speaker, the hon. member who has just sat down said he would answer a question when he was finished. I should like to ask that question now. Is it true that the Leader of the Opposition (Mr. Pearson), all through the 1958 election campaign and just recently, said that in order to cure unemployment in Canada he would finance on a deficit budget?

Mr. McMillan: That is right, but those opposite seem to forget that if you spend perhaps $600 million or $800 million to stimulate the economy the returns from increased income tax and increased sales tax would offset the deficit to a considerable extent.

Mr. J. H. Horner (Acadia): It is customary on a supply motion for the official opposition to move an amendment and to state that the country has gone to pot, and that they no longer have confidence, like the people of Canada, in the government. This is, as I mentioned, a customary motion, and it is the official opposition's duty to choose the subject for debate. Naturally one expects the official opposition to choose the most important subject at the time the supply motion is brought before the house. They have chosen monetary and fiscal policies, as I understand it.

We have now dealt with just about everything in respect of monetary and fiscal policies as well as anything else that can be tied in with them.

I came to this house perhaps a little naive in respect of management by government, the duties of the official opposition and so on, but have always been willing to work, and have listened to a great many subjects. The official opposition has made very determined efforts to speak on unemployment and to give us suggestions as to what should be done. I have had a great deal of difficulty in deciding when the official opposition is serious and when it is actually only making political comments. The previous speaker suggested that this government forget absolutely everything political and get down to business. I would suggest that this would be good reasoning for the official opposition to follow.

I have listened on a number of occasions to discussions in respect of this unemployment situation but have failed to comprehend any concrete solution that the opposition have put forward in regard to this problem. They suggested at one time that the government should get labour and management together. When the government announced that they were going to set up a national productivity council, the official opposition spoke against the measure, yet the council's main work would be discussions with management and labour in regard to creating greater production and thereby greater employment.

We have heard the Leader of the Opposition (Mr. Pearson) speak today about tight money—money loaned out since this government took office—in comparison to the policy of the previous government. He did not mention any figures or go into any great detail concerning what we should be doing which we are not now doing. He did not suggest that we had not lent more money than the previous government because he knows full well that we have. He must realize that we have made money available to small towns.

I might say at this time that this money has been very welcome to a number of small towns on the prairies. We have also increased the number of loans and the amount lent for the purchase of farm lands; we have increased farm improvement loans by more than half as much again. We have also made arrangements for government guaranteed loans to small businessmen.

All these increases have been put into effect since this government took over and yet the official opposition continues to say that we have brought in nothing but tight money policies. We have lent money in respect of winter works projects; we have increased grants to universities. Universities in the province of Alberta receive from the federal government up to $300 per student. We have granted money in respect of university residence construction, for sewage disposal projects, and as one hon. member mentioned in the debate today, we have increased old age pensions by $9 although he did not feel this was much, even though it amounted to some $100 million. He suggested it was nothing to crow about. I think it is evident now that those hon. members who support this view wish now that they had increased the pensions by $9 rather than by $6. We have heard a great deal of discussion about the unemployment insurance fund. No one on the other side of this house has mentioned the increase in the number of days for which an individual can collect unemployment insurance. This is one of the steps that President Kennedy has suggested should be taken in the United States.

A great deal of the discussion has related to the cost of living index. I have here the Canada year book for 1960 which gives the cost of living index for each year. The member from Kenora-Rainy River (Mr. Benidickson) said it had increased from 121 point something to 129, a rise of 8 over a period of approximately four years. Where he found these figures I cannot say.

Mr. Benidickson: The Bank of Canada statistical summary.

Mr. Horner (Acadia): I am reading from the Canada year book for 1960, page 985, which covers the year 1957, the year in which this government took office. Surely he does not expect that the rise in the cost of living index would be halted immediately on the government taking office. It may have been 121 but I should like him to notice that in 1958 it was 125, and on going down to July 1960 we find it is 127.5, a rise of 2.5 points. Surely that is a proper comparison and has a far better relation to the situation than the figure he used in assuming that this government should have been responsible for everything that happened in 1957 and should have rectified things immediately.

The hon. member for Welland (Mr. McMillan) went on to speak about what was happening. He said that the government should know everything that is going on in the Bank of Canada. From the way in which the governor of the Bank of Canada has been speaking about the Bank of Canada, nearly everyone knows what is going on there. He has been going across the country doing a great deal of talking, something that I think he should not do. He is a person in a responsible position and rather than try to paint a gloomy picture of the economy of Canada or of the finances of Canada—

Mr. Chevrier: He is preaching gloom and doom.

Mr. Horner (Acadia): I realize that he is a Liberal appointee and that he may preach just in the way the hon. member for Laurier wants him to preach; I am not sure. However, I think that a person in a responsible position such as that which he holds should have a greater tendency to control his remarks and to keep his comment on Canada to himself or express it to the government in a confidential manner, one or the other.

The hon. member for Welland went on to speak about deficits about the fact that we had a great debt; that debt management was a problem and that the matter of raising the interest for this debt management was an even greater problem. What did the Leader of the Opposition (Mr. Pearson) say in 1958? He said that we should have a deficit. He said, "If I were elected Prime Minister of this country I would give all Canadians a tax holiday". What would the deficit have been then? What would the problem of debt management have been? What would the national debt of this country have been if he had been able to fulfil half the promises he made at that time?

Mr. Woolliams: Who would know?

Mr. Horner (Acadia): I shudder to think what the problem of debt management would have been or what the interest on the national debt would have been.

The hon. member for Welland talked about fiscal thinking. He said that nobody knows the fiscal thinking of the government. May I say that nobody knows the fiscal thinking of the opposition. On the one hand they are talking about debt management. On the other hand they are saying, "You are not doing enough for unemployment". Yet when we bring in measures to increase employment they say, "Too little and too late". Some of these measures have a tendency to reduce

the government's working capital. They think these measures should be increased and yet the debt should be managed and everything should be in tip-top shape. As one hon. member on this side said, "You cannot have your cake and eat it too".

The hon. member for Welland mentioned trade and the fact that we had sent a trade mission over to Great Britain. He did not mention the fact that our imports from Great Britain had risen from 8 per cent to over 10 per cent of our imports. He did not quote any figures. He just tried to make a joke about the trade mission going over to Great Britain. He did not mention the fact that the trade deficit has been reduced this year to its lowest point since 1952. He failed to bring any concrete reasoning to bear in his speech. He dealt with the matter on a higher plane, as did the Leader of the Opposition; and I must admit that it was sometimes too high for me to understand.

I was greatly interested in the speech on socialism by the hon. member for Kootenay West (Mr. Herridge). Some time ago I asked the member of the new party a question on socialism. I asked him whether he was a socialist or whether the new party was socialist. He gave me some definition of Oscar Wilde's and never answered the question at all.

The Acting Speaker (Mr. Rea): Order. The hon. member for Kootenay West is rising on a question of privilege.

Mr. Herridge: The hon. member for Acadia said I made some reference to Oscar Wilde. May I say that I do not read such literature.

Mr. Horner (Acadia): I said that the new party member had made the statement when I asked him a question: it is in *Hansard*. I have never been a follower of the C.C.F. party.

Mr. Peters: Thank heaven for that.

Mr. Horner (Acadia): I have been in doubt where the new party stands. I have been in doubt whether they stand for socialism or for what they stand. We have often observed the leader of the C.C.F. rise in his place and say, "You backbenchers on the government side always toe the line; you are all a bunch of trained seals; you always vote with the party". When the new party member came into the house we backbenchers thought, "Here is a new train of thought coming into this house; here is a new train of thought that will be produced for the first time. He will vote and he may bring in new suggestions. We shall have to watch him and see how he votes and how his suggestions are received". Mr. Speaker, not once has he voted in a way different from that of the C.C.F. He has fallen right in with them just like a trained seal, and a better one than any we have on this side of the chamber.

I was also in doubt as to where the new party stood. However, I listened to the proposed leader of the new party the other night on television. He went on and on speaking about the great things that public ownership would do. According to him, public ownership would solve all the problems of the whole economy. The financial difficulties of the country would be settled; the unemployment question would be settled; even the drug industry would be settled if he could bring in public ownership. According to him, public ownership would solve all problems. From that speech and from what the hon. member said today about socialism, I gather that the new party is nothing but socialism in a new skin.

The other night on television the leader of the C.C.F. said that public ownership should build the Aurora pipe line. This small pipe line, six inches to eight inches in diameter, is going to run to the United States border from near Waterton lake. He said that through public ownership we could finance it and that we did not need to bring in the Texas buccaneers. If he is going to go this far in public ownership and is going to go into the drug industry, how is he going to create employment and how is he going to rectify the situation as far as the banks are concerned in this country? Actually, what the C.C.F. party is doing is putting a cover over the top of their party, and writing a splashy "new" on the front of it, just like a new box of soap. They are doing just as soap manufacturing companies do when they splashed "New" on the front of their boxes, had a big advertising campaign and sold a little bit more soap. Perhaps they will sell a little bit more soap; I do not know.

But actually, Mr. Speaker, the C.C.F. was founded by labour. Mr. Woodsworth was elected to this house in 1926 as a labour representative and again in 1930. Then in 1932 there was the big conference and they brought in the farmers and they were going to be the new party at that time. Today what are they doing? This summer they are going to have another big conference and reunite the farmers and labour, so they say. The sad facts of the story are that they never had the farmers behind them, that they never reunited anything; and they probably will not do any reuniting in July. We have just seen what the socialists really stand for. We have had another definition today. But if there is any doubt in anybody's mind as to where they are going or what they stand for, it was certainly cleared

up not so long ago when the union bosses said, "We will have the premier of Saskatchewan for our leader". They pick the boy; they call the shot. The poor hon. member for Assiniboia (Mr. Argue) has not much of a chance when they call it.

Of course, this new party is going to be different; it is going to rectify the whole financial situation in this country. Some of the members sitting in the present C.C.F. group in this house say the new party is not going to amount to much. Some of them say this because they do not like union bosses and they realize unions are going to control the new party. Some others say the new party is just a flash in the pan and they are not going to run again anyway. We hear this sort of talk.

Again you have to consider that some C.C.F. members even outside the house might have difficulty in joining the new party because I read in the Toronto *Telegram* a week ago that communists are not going to be allowed in that party.

Mr. Peters: That does not leave you much hope then.

Mr. Horner (Acadia): Of course, if they exclude them, this might bring a new train of thought into the new party; I do not know.

But how will public ownership aid employment, that is the question? How will public ownership cure the financial position of this country, if we are as sick as the hon. member for Kootenay West (Mr. Herridge) says we are?

What did the socialists do when they took over in Saskatchewan? They bought out six or seven manufacturing concerns and lost nearly $1 million in those concerns. Is that the way they are going to rectify the financial siutation of this country, buying industries and then losing money on them? That is what happened in Saskatchewan, and this is all common knowledge to anybody who has any close connections with Saskatchewan.

Mr. Peters: How was it you fellows did not do better in the last provincial election?

Mr. Horner (Acadia): Mr. Speaker, these remarks remind me of the proverb in the good book, "A scorner seeketh wisdom, but findeth not; but knowledge is easy unto him that understandeth".

What about the population increase of the province? That is an interesting comparison in itself.

The Acting Speaker (Mr. Rea): Order. I think perhaps the hon. member had better come back to federal matters that are before the house. The Chair has been quite lenient with the hon. member in allowing him to make comparisons, but I do not think he should be allowed to enter into a full discussion of strictly provincial matters.

Mr. Horner (Acadia): I have always understood the rule of the house to be that if somebody speaks on a particular matter others can follow suit and deal with the same subject.

Let us take a look at the earnings per capita across Canada and compare them with the earnings per capita in the province of Saskatchewan. In doing so you have first to compare the population growth in the provinces. In Saskatchewan the amazing and most interesting thing is that it is the only province in Canada that has not grown in population from 1941 to 1956, according to the census taken in 1956. There was a decrease in population during that period.

Of course, some hon. members might well say, "Why did they leave?" This question might well apply to myself. I left Saskatchewan in 1945. I think the decrease in population and the decrease in per capita earning of that province are due directly to the socialist government in Saskatchewan. Their method of doing business does not create the right environment for growth; that is why this province has lagged behind every other province in Canada, even Prince Edward Island.

The Acting Speaker (Mr. Rea): Order. I suggested to the hon. member that he get away from provincial matters. I hope the hon. member will take note of my suggestion.

Mr. Horner (Acadia): Mr. Speaker, I am not referring to provincial matters in any direct relation to federal matters. I am referring to Saskatchewan because it is the only socialist province in Canada and I am comparing socialist methods—

The Acting Speaker (Mr. Rea): Order. If the hon. member can show me what socialism has to do with this amendment I might be very happy to allow him to continue on this different line.

Mr. Horner (Acadia): I have always understood that the debate followed the trend set up by the original speakers. The hon. member for Kootenay West spoke of nothing else but socialism. He expounded the theories and pious hopes he had for socialism; how it could rectify all our ills; how we had a sick nation and socialism would cure it. I think I should be allowed to follow the line of reasoning he presented, to see how it could cure our problems.

The Acting Speaker (Mr. Rea): Order. If the hon. member will stay in generalties, certainly; but I do not want this to become a

debate on socialism in the province of Saskatchewan. That is the point I was trying to make.

Mr. Horner (Acadia): I will do my best, Mr. Speaker, to stay in generalities. I have always felt, like many other members of this house, that to solve anything you must get to the—

Mr. Pearson: "Root".

Mr. Horner (Acadia): —root of the problem. Thank you. You must do this to see what you are doing, where you are going. You need to see what somebody else is doing, if you are to study the problem.

There has been a great deal of talk about finance and how we should allow depreciation for capital investment in certain depressed areas; how manufacturing needs finances to get started. Let us look at manufacturing in the province of Saskatchewan; let us compare it with the province of Alberta. I will be brief. In 1943 there were 1,100 established manufacturing firms in Alberta. They employed 18,000 workers. In 1957 there were something like 1,900 established manufacturing firms in the province of Alberta and they employed 39,000 people. They doubled the employment figure.

In Saskatchewan in 1943 there were 960 established manufacturing firms. In 1957 that number had decreased to 844 and employment in those industries only went up by 1,000. You might say, "What has this to do with finance?" I will tell you. In the province of Saskatchewan there is no manufacturing firm that employs over 500 persons. This is the only province in Canada that has no large manufacturing industries.

This points out that large firms are reluctant to invest in socialist surroundings. Of course, the government of Saskatchewan recently realized this. They started a steel plant in Regina. They had to do it with private capital; they invited Texas buccaneers up to start that plant. The government invited them up; the minister of finance of that time went down to invite them up. And in that corner they talk about Texas buccaneers bringing money into this country. They say we have to stop it.

We must consider that in the manufacturing industry in Canada we have a large number of products being produced from a large number of different basic materials. Saskatchewan and Alberta have an equal number of materials available for the development of manufacturing. We have manufacturing companies using those products in Alberta. Saskatchewan no longer has any manufacturer of leather products. Of course, everybody in Saskatchewan knows the socialist government bought out the tanneries and went broke. They went out of business and nobody had courage enough to reinvest in that industry.

The same thing applies to knitting mills in the province of Saskatchewan. They closed down, and nobody has had enough courage to reinvest in them. Until recently the province of Alberta had never taken any steps to clamp down on industry. They recently brought in an industrial tax, which I do not like, but they may get away with it. But last fall—and this is a very good example—we had some large financial concerns interested in investing money in western Canada. Where did it go? Well, it went to a little city by the name of Medicine Hat, Alberta. I was born just north of Saskatoon, I used to turn on the radio and hear them advertise Saskatoon as the hub city of the west. If you look at the map you will realize that Saskatoon is a short distance from Winnipeg, with direct rail connection to Regina, direct rail connection with Prince Albert, direct rail connection with North Battleford, Calgary and Edmonton. It is an ideal location for financial interests to invest in, and far better than Medicine Hat, because transportation costs are one of the most important things to which industry pays attention. Why did they choose Medicine Hat? They chose it because they were afraid to invest money in Saskatchewan under its socialist type of government. An ideal position was available to them, but they passed it over and went to Alberta to turn out their rubber tires and so on. I am referring to the Goodyear Rubber concern which employed 300 men in Medicine Hat last fall. Another important firm, Firestone, went to Calgary and started up there, by-passing Saskatchewan because of fear of socialism.

This shows that although socialism might cure unemployment for a short time, because of the necessary increase in civil servants, it will eventually produce a climate in which business cannot possibly develop.

Much has been said about industry, and how financial capital is lacking for its encouragement—how there is no money left for the development of industry, and so on. But suppose we look at the mining industry. It surprised me to read that the province of Saskatchewan, apart from the production of fuels, has the third largest mineral wealth of all the provinces of Canada. Alberta leads Saskatchewan if you add petroleum, but Saskatchewan ranks second to Quebec in mineral wealth if fuels are excluded. So many times when somebody mentions Saskatchewan, we think: that is the wheat province of Canada. But even the Saskatchewan government has recently agreed that Saskatchewan is no longer the wheat province, but a wealthy province with great industrial resources. They

have taken "wheat province" off their licence plates. I do not know if the farmers like that very much. They have, at least, realized they have something else besides wheat, though of course they are not doing a very good job of developing it.

This is easy to see if, for example, one looks at the development of hydro power. Compare the development of hydro power in Saskatchewan with the development which has taken place in any other province in Canada. It has been left far behind. In 1940, Saskatchewan produced 99,000 horsepower units. Today they have got 128,000 horsepower units. Compare this with the situation in Alberta. Alberta, in 1940 had 71,000 horsepower units. Today, they have 312,000 horsepower units. That is a sharp increase in Alberta, compared with a very poor increase in Saskatchewan. And how did that development of power occur in Saskatchewan? Mainly from a large smelter along the Churchill river in the north. Of course, this government has decided to go ahead with the Saskatchewan dam project. The great financial expenditure involved in that province will no doubt create a good many more jobs there and, no doubt, create also to a certain extent, an environment which will allow Saskatchewan to increase its population. The former government realized that the Saskatchewan dam should be built. Jimmie Gardiner, when he was minister of agriculture, said: yes, it is a necessity for Saskatchewan; we must have it. But the prime minister of that day said it was not in the best interest of Canada as a whole. You would not call that a one-man government. It was just that the prime minister said no, and Saskatchewan never got the dam. Now let us take a look at the forest industry. In 1958—

Mr. Peters: Is there any chance of your making a federal speech when you go home to Saskatchewan?

Mr. Horner (Acadia): I thought I had been in the house long enough for the hon. member to realize that I come from Alberta, but never mind.

Let us consider the forest industry. In Saskatchewan there are approximately 147,000 acres of forests—almost as great an area as they have in Alberta, which has approximately 158,000 acres. Now let us look at the value of production. Saskatchewan had a net value of production in 1943 amounting to nearly $5 million. Alberta, in the same year had a net production amounting to $5,300,000. The current figures show the value of production in Saskatchewan to have been just below $8 million, while in Alberta the figure was more than $20 million. What could account for this tremendous difference? I can only attribute it to one thing, the reluctance of financial interests to invest in Saskatchewan. Of course, when the present government took over in 1943 they set up what they call a timber board. Anybody who wanted to cut any timber had to sell it to the board and it was hard to get leases. That may have had something to do with the amount of timber cut. Timber cut in 1943 in Saskatchewan was 95 thousand cubic feet; in 1958 it amounted to 55 thousand cubic feet; Alberta, 1943, 99 thousand cubic feet; 1958, 125 thousand cubic feet. Lumber cut in Alberta was three times as much as was cut in Saskatchewan and, as I have shown, the value of the production increased fivefold in the same period.

One could examine every industry, every manufacturing project in the province, and come up with the same conclusion—that there has been a decline in business, a decline in employment and a decline in the whole economy of the province. Socialism is no cure for any of the ills which beset the province of Saskatchewan. This is evident if we take a look at the mining industry. Few people realize that in 1943 Saskatchewan produced 86 million pounds of copper. In 1958 the province produced 75 million pounds, a decrease at a time when production throughout Canada as a whole rose appreciably. In 1943, Canada produced 575 million pounds of copper. In 1958, production amounted to 720 million pounds. Production figures of this kind imply financial backing; it takes money to develop these mining industries. Socialism has not solved the problem in Saskatchewan, where production has gone down.

Take the production of gold, or any other commodity produced in Saskatchewan in 1943. In 1943 Saskatchewan produced 174,000 ounces of gold. In 1958, 86,000 ounces were produced in the province, a decrease again. It was only half of what it was in 1943. While gold has not been a strong commodity in Canada, yet in 1943 Canada produced 3 million ounces and in 1958 4½ million ounces. Therefore, while Canada's production has gone up, Saskatchewan's has gone down under the socialists.

How would socialism work in all of Canada? Well, Mr. Speaker, there is no doubt in my mind as to how it would work. Our production would go down. We would have no money and no financial interest would be willing to invest in the country.

Let us look at the oil industry. There is no doubt that in the province of Alberta it took money to develop the oil industry, and in that province it has developed immensely. Of course, our socialist friends do not think we

should export it. That is all right; that is their view but they are not in power in Alberta or Canada and we can be thankful for that.

What did they do in Saskatchewan? Before any oil industry would go into the province, before it would invest a plugged nickel in the province, the premier of the province had to give a written guarantee that he would not expropriate any of the property or any of the investments in oil development. What did they do three years ago? The provincial treasurer or the premier said that there was oil under the road allowances and that the companies had to give one more per cent to cover the oil remaining below the roadways. That was the small, niggardly approach on the part of the premier of the province to try to squeeze another per cent or so out of the industry.

In some respects the oil industry has been hit hard within the last few years because of the shortage of markets in the world and perhaps in Canada. I have considered this problem very seriously; I have tried to visualize how socialism would cure the sick economy, as the hon. member for Kootenay West (Mr. Herridge) described it.

The Acting Speaker (Mr. Rea): I am sorry to interrupt the hon. member, but I have been advised that his time has expired.

Mr. Horner (Acadia): I was going to make one more statement.

Mr. Frank Howard (Skeena): It is a shame to cut off the entertainment, but I believe that is what the rules of the house say and it is a wonder that some people do not abide by them more often.

An hon. Member: Listen to who is talking.

Mr. Howard: If my friend wants to get into an across-the-floor discussion about something that happened earlier, I have just about as much feeling about the actions now as I did then.

After listening to this frenzied, arm-waving hysterical attack on a provincial government, I am reminded of the belligerent, bellowing of a wild bull. It had just about as much sense, too, Mr. Speaker, but there is one thing that comes through in all of this.

Mr. Woolliams: You lack horns.

Mr. Howard: That is something that you do not lack and yours grow on the inside, obviously.

There is one thing that comes through in speeches such as we have just heard from the hon. member for Acadia (Mr. Horner) and the one we heard earlier from the hon. member for Bow River (Mr. Woolliams) and the one he made a few days before, and the one he made before that. They were all along the same line of thinking, all exhibiting an inner fear of the socialist movement, all of them afraid of what it will do to them in their own constituencies.

Mr. Woolliams: Don't worry, my friend.

Mr. Howard: I never worry about you, my friend, nor about what comes out of this type of discussion. It is not a rational analysis of the economic problems in the country today, which we are supposed to be dealing with if this amendment means anything, but a hysterical attack on something that neither one of them can understand but which they fear.

Mr. Woolliams: We do not stand alone.

The Acting Speaker (Mr. Rea): Order.

Mr. Howard: You can't stand on your own feet, either.

The hon. member for Acadia started off by wondering whether the Liberal party was really serious, or whether it was playing politics in this particular amendment. I think perhaps he knows the answer as well as the rest of us do, and that is that they are just playing politics and their serious moments are few and far between. The Tories are in the same class. That is why I was sure that my friend from Acadia recognized that the Liberals were not serious in respect of unemployment, which is one of the subject matters with which we are dealing.

I have noticed also that the debate, in so far as unemployment is concerned, which is what I should like to deal with, has oscillated between the juggling of statistics and the making of unprincipled attacks upon people who are not here to defend themselves; the using of a privileged position to get away with what I would call slanderous statements, or what could be slanderous statements if they were made outside. This is unfortunate. I think you will notice also, Mr. Speaker, that those who used the statistics so lavishly, juggled them so ably and distorted the picture of unemployment in this nation, were perhaps in reality paying silent tribute to Mr. Allister Grosart. They took most of the statistics out of "The Record Speaks" to which we have made reference from time to time here. On three occasions I have pointed out that "The Record Speaks", the Tory propaganda piece, is absolutely false and casts some suspicion upon the writers of the statistical material.

Mr. Woolliams: Now we hear the truth.

Mr. Howard: My friend would not recognize the truth if he heard it.

Some hon. Members: Ten o'clock.

Mr. Howard: Unfortunately, Mr. Speaker, what is happening is that these people are becoming so blinded by statistics and percentages, hundreds of thousands of dollars and the amount of money in the unemployment insurance fund, that they are forgetting entirely that people are involved; that workmen have been out of jobs year after year because of the fumbling, bumbling and ineptness of this particular government. Almost a year ago now the government made a most stupid blunder in attempting to balance the budget because it was gambling with people's welfare, people's lives, and it did not care so long as what came out was politically advantageous.

May I call it ten o'clock, Mr. Speaker?

BUSINESS OF THE HOUSE

Mr. Chevrier: I presume the house will be dealing with this motion tomorrow. Does the house leader want to indicate what the business will be on Wednesday?

Mr. Churchill: We will carry on this debate tomorrow, Mr. Speaker.

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

HOUSE OF COMMONS

Tuesday, February 21, 1961

The house met at 2.30 p.m.

PRIVILEGE

MR. SEVIGNY—REFERENCE TO REMARKS IN DEBATE ON FEBRUARY 20

Hon. Pierre Sevigny (Associate Minister of National Defence): Mr. Speaker, I rise on a question of privilege. Yesterday during the orders of the day the hon. member for Laurier, in a supplementary question asked of the Minister of Public Works, stated that during a speech I made at Dorion last Friday I had protested the proposed route which is tentatively planned to go through Ile aux Tourtres instead of Ile Perrot in Vaudreuil-Soulanges.

The point of privilege, Mr. Speaker, is that I never protested this proposed route. In fact the only comment I made during the speech was that I would say nothing about this proposed route in view of the fact that I knew nothing about the matter. As usual the former member for Stormont was misinformed, and I wish to correct this matter.

MR. WOOLLIAMS—CLARIFICATION OF REMARKS IN DEBATE ON FEBRUARY 20

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I rise on a question of privilege in reference to a statement I made in debate as reported at page 2214 of *Hansard* of yesterday in connection with my remarks about Mr. Clarence Fines, former Saskatchewan provincial treasurer. I want to make it clear to all that I did not imply or intend to imply that any money which Mr. Fines may have made was made from his job or position as provincial treasurer of Saskatchewan.

Mr. Benidickson: I think the hon. member has made a necessary statement.

RAILWAYS, CANALS AND TELEGRAPH LINES

Second report of standing committee on railways, canals and telegraph lines—Mr. Howe.

WATER RESOURCES

STATEMENT RESPECTING OIL POLLUTION OFF ATLANTIC COAST

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I should like to make a statement concerning oil pollution off the Atlantic coast of Canada. On September 1 of last year I issued a press release announcing that the government intended, under the international convention for the prevention of the pollution of the sea by oil, 1954, to extend to 100 miles, the maximum allowed under the convention, the zone off the Atlantic coast of Canada within which ships may not discharge oil. At the present time the zone is 50 miles.

I am pleased to inform the house that no other contracting government has opposed the extension, and consequently extension of the prohibited zone from 50 to 100 miles off the east coast of Canada will take effect on February 25.

It is to be sincerely hoped that the extension will have the effect of substantially reducing oil pollution on the Atlantic coast. Reports of oil pollution have indicated that hundreds of thousands of sea birds are being killed annually by floating oil in the Newfoundland area; that beaches, piers and craft are being fouled, and that damage is being done to lobster fisheries. The situation will be closely watched by the Department of Transport, the department responsible for administering the oil pollution prevention regulations, to see whether a diminution of pollution takes place after the extension comes into force. If not, more stringent international controls may be required to cope with the problem. In this connection it is proposed that a conference to revise the 1954 convention for the prevention of pollution of the sea by oil be held in the spring of 1962 under the auspices of the intergovernmental maritime consultative organization. This conference would permit Canada to suggest any changes to the convention which we deem to be necessary.

The intergovernmental maritime consultative organization is being kept fully informed of the degree of oil pollution in Canadian waters. I should like to mention that included with the official reports we have transmitted to the organization are reports prepared by the Canadian wildlife service and the Audubon society of Canada.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I want to comment briefly on the statement made by the Secretary of State for External Affairs. The members of this group were pleased to hear of the further measures being taken by this government to prevent the pollution of our coastal waters, and we support them wholeheartedly. We hope that the government will also use its

best efforts and give some leadership in co-operation with the provinces in preventing the pollution of international and inland rivers and lakes.

THE PRIME MINISTER

EXPRESSIONS OF SYMPATHY ON DEATH OF MOTHER

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, all of us are very conscious of the reason the Prime Minister (Mr. Diefenbaker) is not with us today. At this sad time for him, I would ask the Acting Prime Minister if he will convey to the Prime Minister the deep and sincere sympathy of the members of the official opposition in the loss of one who has meant so much to him over so many years.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, on behalf of the C.C.F.-New Party group may I say that we should like to be associated with the remarks of the Leader of the Opposition. I am sure our thoughts go out to the Prime Minister, to Mr. Elmer Diefenbaker and the other relatives at this time of their great loss. We realize that the Prime Minister and his mother remained very close until the end. I am sure we speak for all Canada in expressing to the Prime Minister our deepest sympathy at this time of bereavement.

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I am sure the Prime Minister will be highly appreciative of these thoughtful remarks by the Leader of the Opposition and the hon. member for Assiniboia. This is indeed a very sad time for the Prime Minister, but at the same time I am sure he has very many happy memories and derives a great deal of comfort from the wonderful relationship which existed between his mother and himself. We are very, very grateful to hon. members for their expressions of sympathy this afternoon.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I make a suggestion, which I put forward in all humility. The office of prime minister is of the utmost importance; the mother of the prime minister is pretty wonderful too. I should like to ask the Acting Prime Minister whether, out of respect for the Prime Minister and his mother, on the occasion of her funeral next Wednesday the house might adjourn. Perhaps we might adjourn during those hours out of respect to her memory and to honour the office of prime minister.

Mr. Green: I appreciate the thought behind the suggestion made by the hon. member for Vancouver East, but I think the Prime Minister would wish the house to carry on with its business and would not wish a course of this kind to be followed.

[Mr. Herridge.]

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO PROTESTS AGAINST INTENDED LAY-OFFS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Transport. Has the minister received a letter from Mr. W. Danyk, secretary treasurer of the Canadian National Railways system employees' local federation of Edmonton, Alberta, in which he strongly protests the nation-wide lay-offs of employees scheduled to be implemented on March 17, 1961 by the Canadian National Railways? If so, is the minister of the opinion that this drastic action contemplated by the C.N.R. is contrary to the assurances of reinstatement of employment given by the minister during the discussion of Bill No. C-45?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I have not seen the letter referred to by the hon. member. I will check with my office, and if I have received such a letter I will at once communicate its contents to the management of the C.N.R., which is the course open to me in this circumstance.

Mr. Argue: Mr. Speaker, I appreciate the minister's answer, and I might tell him that his name is the first one listed on the copy that was sent to me. Has this matter previously been brought to the attention of the minister? Is he aware of any impending move by the C.N.R. to institute this kind of wholesale lay-off?

Mr. Balcer: No, Mr. Speaker.

CANADIAN BROADCASTING CORPORATION

TELEVISING OF BIG FOUR FOOTBALL GAMES

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, I should like to direct a question to the Minister of National Revenue, arising out of the awarding of a contract to a private station to televise the Big Four football games. It is now being stated that stations such as CFCJ-TV at the lakehead are doubtful whether they will carry the games this year.

My question is, will the minister look into this matter, which is causing considerable concern, and report to the house whether the Big Four football games will be available to stations which previously carried these football telecasts either through C.B.C. outlets or C.B.C. affiliated stations?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I will refer this matter to the corporation and ask for information, and I will advise the house accordingly.

SHIPPING

VANCOUVER—REPORTED LOADING OF WHEAT IN UNCLEAN SHIP

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Minister of Transport. I am sorry I could not give him longer notice, but only about two hours ago I had occasion to send him a copy of a telegram addressed to me which stated that a shipment of wheat for the order of the people's republic of China is today being loaded in a ship at Vancouver which has not been cleaned. Fuel oil is at the bottom of the ship. I have in mind criticisms made a year ago regarding certain shipments of wheat. I would ask the minister whether he has been able to investigate the truth or otherwise of this allegation.

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I certainly will, and will ascertain that ships leaving Vancouver are properly cleaned to carry good Canadian wheat.

SHIPPIGAN ISLAND—INSTALLATION OF MARINE AID STATION

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): May I ask the Minister of Transport if he is now in a position to reply to the question I asked him on Thursday, February 16, with regard to the installation of a Decca station on Shippegan island?

Hon. Leon Balcer (Minister of Transport): Yes, Mr. Speaker. In the light of the additional information the hon. member was good enough to give me regarding this question about a project for Shippigan island, I was able to make wider inquiries in the department.

I am now able to advise that we are planning to instal a Decca station on this island. The survey of the site has now been completed, and we are working on plans and specifications for the station, which will form part of what will be known as the Anticosti Decca chain. Funds have been included in the 1961-1962 estimates, and the target date for operation is the late fall of this year.

Inquiries of the Ministry

TRANSPORTATION

ROYAL COMMISSION—INQUIRY AS TO PRESENTATION OF REPORT

On the orders of the day:

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, I should like to direct a question to the Minister of Transport. Could the minister advise the house whether the royal commission on transportation expects to make its report before the deadline date of March 31 this year?

Hon. Leon Balcer (Minister of Transport): Yes, Mr. Speaker. I have nothing to add to the information already given by the Prime Minister that the report is expected on or before March 31.

Mr. Godin: Would the Minister of Transport check this matter and advise the house in due course?

(Translation):

IMMIGRATION

REQUEST FOR TABLING OF SPEECH BY SECRETARY OF STATE

On the orders of the day:

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Mr. Speaker, I should like to put a question to the Secretary of State with regard to the statements he made in this house on November 18 and February 15 last.

Would he be in a position to table in this house the full text of the speech on immigration he made in the Labelle constituency and which he claims to have in his possession?

Some hon. Members: Order.

Hon. Noel Dorion (Secretary of State): Mr. Speaker, I see that my friend does not rely on the statements made by his own colleagues outside the house, and in that he is quite right.

The statements I made are actually correct and I object to the behaviour of certain members who sought to challenge my words. I have been practising law for thirty-three years and—

Mr. Dupuis: Mr. Speaker, I do not think I have said such a thing. I only asked—

Mr. Dorion: Mr. Speaker, what I said is the real truth. There is no need for a text to bear out my words.

(Text):

Mr. Speaker: The minister was asked a question about tabling a document. I am not sure that the document in question is one which relates to the hon. gentleman's administrative responsibility. If it is, he would be at liberty to answer the question. I trust that it does not involve more than an answer to the question.

(Translation):

Mr. Dupuis: Mr. Speaker, I should like to know if the minister is prepared to table the text of the statement he said he had in his possession.

Mr. Dorion: Mr. Speaker, I do not have to table it. What I said is exactly true and no one has the right to question my word.

Mr. Dupuis: Mr. Speaker, I should like to ask a supplementary question.

(Text):

Mr. Speaker: The hon. member has asked a question and a supplementary, and it seems to me the answer is clear enough.

Mr. Dupuis: This is a new question I should like to ask.

(Translation):

I should like to ask the minister why the word of ten Liberal members would not be worth his own word in this house?

(Text):

Mr. Speaker: Order. The hon. member's question is quite out of order.

COAL

RAND REPORT—INQUIRY AS TO PUBLICATION OF COMMENTARY

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the senior minister from the Atlantic provinces, the Minister of National Revenue, in the absence of the Prime Minister. In view of the many communications that I have been receiving from interested groups in the maritimes with regard to the Vissac commentary on the royal commission report of Mr. Justice Rand, could the minister say, first, whether this report will be made public and, second, whether any action on the report is contemplated?

Hon. George C. Nowlan (Minister of National Revenue): I appreciate the implied compliment when I am referred to as senior minister from the maritime provinces. Then, again, perhaps it is a sign of old age. At any rate I will take the question under consideration, and I am sure that whatever may be said in answer to the details of the question, the report will receive full consideration and will be dealt with by the government following that consideration.

Mr. Argue: Does the minister mean he will give me a further report at a later date?

Mr. Nowlan: I shall be very glad to do that.

[Mr. Speaker.]

CAPE BRETON—REQUEST FOR MEETING OF LABOUR, MANAGEMENT AND GOVERNMENTS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Acting Prime Minister if he is in a position to reply now to a question I addressed to the Prime Minister last Wednesday with respect to the request from the premier of Nova Scotia to the federal government for a general coal conference?

Hon. Howard C. Green (Acting Prime Minister): No, Mr. Speaker. I will bring that question to the attention of the Prime Minister.

UNITED NATIONS

CONGO—CONSIDERATION AT SPECIAL OR GENERAL ASSEMBLY MEETING

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I wish to direct a question to the Secretary of State for External Affairs. Can the minister advise the house whether in view of the serious situation in the Congo and the problem now facing the security council it is his opinion, or the opinion of the government, that a call be made for a special session of the general assembly to take responsibility for the formation of policy and the issuing of instructions with regard to the Congo?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, the hon. member for Vancouver East in my absence yesterday asked whether any consideration was being given to the report that a special meeting of the United Nations might be called to deal with the Congo situation.

As hon. members know, during the past week or so the situation in the Congo has been under consideration by the security council. I am happy to report that in the early hours of this morning the council adopted a resolution sponsored by Ceylon, Liberia and the United Arab Republic. The vote on that resolution was nine in favour and none against, with the U.S.S.R. and France abstaining.

The resolution, which with the permission of the house I shall now table and which perhaps could be printed as an appendix to *Hansard*—

Mr. Winch: Could it be read aloud, sir?

Mr. Green: —defines more clearly the role of the United Nations in the Congo. Among other things it urges the United Nations to take all appropriate measures to prevent the occurrence of civil war in the Congo including the use of force, if necessary, in the last resort. It urges the immediate withdrawal

from, and prevention of a further influx into the Congo of all Belgian and foreign military and para-military personnel and political advisers not under United Nations command. It also provides for an impartial investigation into the circumstances of the death of Mr. Lumumba and his colleagues and the punishment of the perpetrators of these crimes.

Part B of the resolution calls for the convening of the Congolese parliament, the reorganization of the Congolese armed units and their elimination as an element in the political life of the Congo.

The resolution does not provide all of the answers to the Congo crisis, but it does give reason for cautious optimism that order may be restored in the Congo and that conditions may be created which will allow the Congolese, through conciliation, to reach a solution to the problem themselves without unilateral interference from outside. Perhaps the most encouraging thing about this resolution is that it was initiated by African and Asian members of the council and has the full support of most of the African-Asian group.

I think in view of these latest developments that the likelihood of an emergency special session of the general assembly to deal with this question has been reduced. There is, of course, an item concerning—and I quote from the United Nations agenda—"the situation in the republic of the Congo" which remains on the agenda of the resumed session of the general assembly which begins on March 7.

In answer to the second part of the question which the hon. member for Vancouver East asked yesterday, I cannot say when this item will be dealt with by the assembly, but I assume that its timing will depend on developments in the Congo.

Mr. Speaker: Does the house concur in the suggestion that the resolution of the security council which the Secretary of State for External Affairs has filed be printed in *Hansard* perhaps as part of the answer which has been given?

Some hon. Members: Agreed.

[*Editor's note: For text of resolution above referred to, see appendix.*]

Mr. Winch: A supplementary question, Mr. Speaker. Do I understand correctly that as a result of the decision taken by the security council the secretary general has been instructed to take a firm stand and if necessary to use the power and military force of the United Nations in order to bring about democratic conditions in the Congo and obviate the possibility of civil war there? Have I placed a correct interpretation on the decision of the security council?

Mr. Green: The hon. member with his experience at the United Nations will be able to place his own interpretation on the resolution. I do not think this is perfect, but it certainly should go far to strengthen the hand of the United Nations in dealing with the Congo crisis.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in view of the very far reaching and unprecedented character of this resolution, to which I am certainly not objecting, authorizing the use of international forces inside national boundaries for the first time in United Nations history, I believe, does the minister not think it might be useful to have this resolution of the security council, representing only a number of United Nations members, discussed and confirmed by the forthcoming assembly?

Mr. Green: Well, Mr. Speaker, it may be wise to follow that course, but the important thing is that this resolution has been passed by the security council without any members voting against it. There was considerable concern yesterday that the resolution would be vetoed possibly by two countries, but it has been passed with two abstentions and with no country voting against it. I think that is extremely important. I have no doubt that by the time the general assembly meets the situation in the Congo will have changed considerably and it may be that it will not be necessary at that time to have this particular resolution dealt with in the general assembly.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask a question on this important matter. In view of the offer by the government of Malaya and the acceptance thereof by the secretary general, the further offer of the government of India to reinforce its personnel in the United Nations force in the Congo, and the decision of the British government to dispatch transport aircraft for the purpose of the operations of the United Nations in the Congo, can the minister say whether or not Canada has been requested to increase in any form its contribution to the United Nations presence in the Congo?

Mr. Green: No, Mr. Speaker, there has been no request for such an increase. There may have been requests from time to time for one or two men with particular types of training, but there has been no request for any general increase.

Inquiries of the Ministry

HOUSING

USE OF PHOTOGRAPHS OF MINISTERS IN ADVERTISEMENT

On the orders of the day:

Mr. O. J. Godin (Nickel Belt): I should like to direct a question to the Minister of Public Works arising out of an advertisement that appeared in the Sudbury *Star* of February 17, a copy of which I have forwarded to him. Can the minister tell the house whether he has authorized the use of his photograph and that of the Prime Minister in an advertisement promoting a private enterprise to the detriment of other similar businesses in the area?

Mr. Speaker: Order. Unless the advertisement is a public advertisement I think the hon. member's question would be out of order.

Mr. Godin: I presume it may be the government.

Mr. Speaker: Order. If the hon. member is prepared to take the responsibility for asking a question based on an advertisement that is published by the minister, I would then permit the question as being within his administrative responsibility, but if it is a private advertisement the hon. member has no right to bring it before the house.

TRANSPORT

P.G.E. RAILWAY—GOVERNMENT POLICY RESPECTING SUBSIDIZATION

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to address a question to the Minister of Finance. Has the minister had his attention drawn to bill No. 15 of the legislature of the province of British Columbia, wherein it is stated that the federal government is expected to make a monetary grant in the amount of $19,812,500 to subsidize the Pacific Great Eastern Railway Company? If the government has a policy in this respect, will the minister indicate whether or not it has previously been announced as government policy and, if so, whether a similar concession would be granted to any other province?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the hon. member should be aware that, following the proper course in that respect, a similar question has already been placed on the order paper by the hon. member for Vancouver East. It appears in *Votes and Proceedings* for yesterday. It is a starred question and will be answered tomorrow.

[Mr. Green.]

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, a very important question of privilege has been raised by the hon. member for Kenora-Rainy River in his question. The legislature of a province has a bill before it which asserts that it is expected that a grant will be made by the federal government before we have been told anything about it in the house. Surely we are entitled to know whether this statement in the preamble to legislation of the provincial legislature is in fact a part of the policy of the government.

Mr. Fleming (Eglinton): Mr. Speaker—

Mr. Winch: On a point of order, Mr. Speaker, may I say—

Mr. Speaker: Order. I take it that the hon. member is raising as a question of privilege the absence of an answer to his question today. I am not sure that is a question of privilege; in fact I think it is not. Whether or not a question will be answered is in the discretion of the administration, and it is not customary to comment on the absence or inadequacy of an answer even as a matter of privilege.

Mr. Pickersgill: Mr. Speaker, it was not the absence of an answer—

Mr. Fleming (Eglinton): Mr. Speaker, there is a further point involved. It is whether, after an hon. member has followed the proper course of placing an involved question on the order paper, some other member should be permitted to come along, appropriate the question and ask for an early answer before the time has come for the answering of the starred question. The proper course will be followed in accordance with the rules of the house. Tomorrow is the day for answering starred questions, and I propose to regard this as the question of the hon. member for Vancouver East and to answer it tomorrow when you call for answers to starred questions.

Mr. Pickersgill: Mr. Speaker, obviously I did not make clear the point I was seeking to make. I would not suggest that failure to answer a question until tomorrow was a question of privilege, but I was suggesting that when the government of a province introduces a bill in the legislature of that province purporting to commit the treasury of this country, this is a proper matter to be brought to the attention of the government in this place at the earliest opportunity, and that any government with a sense of responsibility would wish to clear up the matter at once.

Mr. Speaker: A question has been raised whether this is a proper question to be brought to the attention of the minister, in

view of the fact that a question is already on the order paper for answer. May I say I do not know of any rule against anticipation of a question that will be answered by asking an oral question in advance. However, I take it that the minister's explanation stands and that there is no further need to discuss the matter.

DRUGS

ST. VINCENT DE PAUL PENITENTIARY—INVESTIGATION INTO USE OF BARBITURATES

On the orders of the day:

Mr. L. D. Crestohl (Cartier): Mr. Speaker, I should like to address a question to the Minister of Justice. On February 7 I addressed the following question to him:

> Will the minister report to the house on any inquiry being held in St. Vincent de Paul penitentiary on the use of barbiturates by inmates?

In the absence of the minister his parliamentary secretary replied as follows:

> There is a full investigation underway ... and a report will be presented to the minister. I am certain that it then can be brought forward to the house—

I should like to ask the minister whether that report is now ready to be presented to the house.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, my attention was directed to the hon. member's question and the reply made by my parliamentary secretary. I should point out to the hon. gentleman that the reply did not state that the report as such would be presented to the house. What it does mean is that the subject matter might then appropriately be discussed in the house.

In so far as a report is concerned, the only specific report that is being prepared relates to the incident in which an inmate escaped, seized the wife of one of the guards as a hostage, held her hostage for over 24 hours, and was subsequently recaptured after an incident involving considerable violence. The whole circumstances surrounding this incident have been inquired into by one of the deputy commissioners of penitentiaries, and a report is in the course of preparation. I believe it is still being prepared. If it has been completed it has not yet actually come to my desk, but I expect it shortly. It would not be normal for me to lay this before the house, but of course I would be prepared to discuss any matters in connection therewith on my estimates.

With respect to the question on barbiturates generally, there is no specific inquiry; but as is well known we have been concerned for a long time with regard to the situation at St. Vincent de Paul. As I said at Montreal last week, on the occasion of the opening of the Leclerc institution, steps have been taken by the new warden of St. Vincent de Paul which appear to be producing results. The steps appear to be effective. The traffic in barbiturates is not yet eliminated, but the indications are that it has been considerably reduced.

FISHERIES

NEWFOUNDLAND—REPORTED OPERATION OF FOREIGN DRAGGERS AT NIGHT

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, I should like to direct a question to the Minister of Fisheries. I regret not being able to give him notice, but I received the communication on which my question is based just as I was coming into the house.

Has the minister received any complaints from Newfoundland fishermen in respect of foreign draggers dragging during the night time inside the 3-mile limit in the inshore grounds of the Port aux Basques-Rose Blanche area? If not, will he make an immediate investigation and take the necessary steps to safeguard the rights of the fishermen and protect their gear from this practice of foreign draggers?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, no such complaint has come to my attention as yet. There may have been one received during the course of the day but I am unaware of any as yet. I will have the matter investigated and inform the hon. member as to the situation.

NATIONAL DEFENCE

REPORTED INTENTION TO DISBAND CERTAIN CF-100 SQUADRONS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask the Minister of National Defence a question in regard to his statement of February 9, when he said that during the course of this year some four CF-100 squadrons will be phased out. I would like to ask the minister if he can explain that statement in the light of the Prime Minister's statement in Washington yesterday when he said that Canada does not intend to reduce her participation in the North American air defence.

Hon. D. S. Harkness (Minister of National Defence): I do not think those two statements have a great deal of relationship to each other. As the Leader of the Opposition well knows, it was announced about a year ago, and certainly on two or three occasions during the last session of parliament, by my

predecessor in this office that these squadrons would begin to be phased out this year. In other words, my announcement that four of them would be phased out during this present year was not a new announcement at all, but was just confirmation of what had been said upwards of a year ago.

Mr. Pearson: Mr. Speaker, does that mean there are to be five rather than nine squadrons for continental defence?

Mr. Harkness: I think the Leader of the Opposition is capable of that simple arithmetic, Mr. Speaker.

ST. LAWRENCE SEAWAY

REPORTED INCREASE IN INSURANCE RATES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Transport. Could the Minister of Transport comment on a report appearing in this morning's Montreal *Gazette* which states that ships using the St. Lawrence seaway this coming year will be forced to pay insurance rates which have been increased by from 17 to 100 per cent? Would the minister care to say whether this will contribute to an increase in freight costs to ships using the seaway?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I have not read the article in question. This is definitely a very important question, and I will investigate the matter.

AGRICULTURE

SUGAR BEETS—REQUEST FOR ANNOUNCEMENT OF GOVERNMENT POLICY

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I would like to ask the Minister of Agriculture a question based upon a statement he made in the city of Chatham, in the province of Ontario, about six weeks ago, that he expected within a few days to announce a government sugar beet policy. Is the minister in a position to announce that policy today or to give some indication when the policy will be announced in view of the fact that seeding is not too far away in Canada's most advanced part of the country?

Hon. Alvin Hamilton (Minister of Agriculture): In reply to the hon. member for Essex East I would say that I am unable to give the date when the announcement will be made, but I think I can say that it will not be too far away.

Mr. E. W. Brunsden (Medicine Hat): A supplementary question with regard to sugar beets. Is it not true that the Minister of Agriculture is taking advice from a greater authority than the hon. member for Essex East, namely the sugar beet growers from Alberta, Manitoba and Ontario?

Mr. Speaker: I am sure the hon. minister will not take it as an administrative responsibility to express a preference.

STATEMENT RESPECTING ENLARGEMENT OF PUBLIC RELATIONS STAFF

On the orders of the day:

Hon. Alvin Hamilton (Minister of Agriculture): I would like to reply to a question asked by the hon. member for Bonavista-Twillingate yesterday in which he asked whether the minister is making extensive additions to his public relations and information staff. The answer is no.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask a supplementary question. Has the minister seen the article by Mr. Victor Mackie which appeared in the Winnipeg *Free Press* of February 18, 1961, in which he says:

> Agriculture Minister Hamilton is out to build up an efficient, high pressure and extensive public relations and information service for his department. He wants more publicity for his policies.

Has the minister any comment in that regard?

Mr. Hamilton (Qu'Appelle): Yes, Mr. Speaker, I would like to answer that question by saying first of all that I have not seen the story, but that I think the farmers of Canada have a right to know what this government has done for them.

Mr. Pickersgill: Could I ask the minister whether he has engaged someone from the Toronto *Telegram* at a very large salary to tell him how to inform the farmers?

[*Later:*]

Mr. Pickersgill: I wonder, sir, if I might act as arbitrator in this geographical dispute, being about half way between, and ask whether the minister intends to answer my question.

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

Mr. Pickersgill: I shall be most happy to do so, sir.

SUPPLY

The house resumed, from Monday, February 20, consideration of the motion of Mr. Fleming (Eglinton) for committee of supply, and the amendment thereto of Mr. Pearson.

UNEMPLOYMENT—GOVERNMENT MONETARY POLICY AND DEBT MANAGEMENT

Mr. Frank Howard (Skeena): Mr. Speaker, the amendment before us has allowed for a rather broad and sweeping type of debate upon a number of subjects, which we could reasonably expect to flow from the general wording of the amendment itself. This discussion has dealt somewhat with fiscal policies, somewhat with the objection that certain hon. members have to a particular provincial government in Canada, and somewhat with the question of unemployment, all of which matters are deemed to flow from the content of the amendment itself.

I can understand, of course, how the fiscal policy of the government and the unemployment situation may be directly connected with the amendment, but I fail to understand how references to the activities of any provincial government have anything to do with the amendment. It is therefore my intention to concentrate on the field of unemployment and the matter of our economy in the few remarks I have to make.

I think we have seen over the last few years a kind of blind refusal on the part of the government even to admit that there was something close to economic difficulty in the nation. I am sure we remember very well the famous statement of the Prime Minister in November of 1957, shortly after he took office, in which he said that unemployment is not a serious problem and that we need not concern ourselves with it. Ever since then it appears to have been the policy of the Prime Minister's colleagues and others who support his party to protect the Prime Minister from admitting having made an error in 1957, when he said that unemployment was not a serious problem and need not be dealt with.

Mr. Speakman: I rise on a point of order, Mr. Speaker. Will the hon. member tell us where this statement appears?

Mr. Howard: I should be glad to do so. I have in my hand a copy of the Winnipeg *Tribune* of Saturday, November 9, 1957 in which we find the following, and I am now quoting the words:

> Prime Minister Diefenbaker has described the unemployment situation as "not generally serious"—

As I said, this was November of 1957. The action of the government since that time seems to have been to protect the Prime Minister in the erroneous assumption that he had made at that time. Certainly the Minister of Finance, at least up until the baby budget was born, juggled the budgetary items of the nation on the assumption that nothing too serious was wrong.

Government Monetary Policy

This is an extremely unwise course to follow. I think the government should be gentlemanly enough to admit their mistakes of 1957, 1958, 1959, and 1960 and face the fact that there is in this nation an unemployment situation that is extremely serious; that workmen and their wives and their families, many of them regularly unemployed every winter and stretching on into the summer, now are seriously suffering, are losing furniture and commodities they have bought on credit, and are obliged to exist at substandard levels on welfare or on unemployment insurance for extended periods of time.

I note that the Prime Minister, according to the *Globe and Mail* of this morning, was in a lengthy conference with the President of the United States and in fact had his picture taken with President Kennedy. What they discussed, of course, was accounted for a little bit yesterday; but at least President Kennedy, shortly after taking office, had the courage to face the fact that there is in the United States a difficult economic situation and he wants to deal with it. This government has failed to face even that problem, namely the fact that there is an economic collapse in the nation. Again we hear platitudinous phrases such as these: everything is fine, prosperity is just around the corner, and all we have to do is rest our faith and hope in the capitalist system and everything will straighten itself out.

Valentine day was not too long ago, Mr. Speaker. Usually on Valentine day we are supposed to have sweet thoughts for people; it is a day for tender expressions of endearment. In recent years, unfortunately, this purpose has been distorted by the development of a so-called sick type of valentine which is really extremely unkind to the recipient. On February 15, the day after Valentine day, the workers of this nation and the unemployed people in this nation received from the government in office a valentine of the sick type; that was the day on which the latest statistics relating to the labour force were released. Those statistics have been mentioned in the house, have been distorted somewhat in many instances, have been compared with things with which they should not have been compared, and so on.

If one keeps in mind the fact that these statistics are now accepted as the only ones with which we should concern ourselves, and that they were developed and endorsed by the government in office, and if we think in terms of percentages of the labour force, I think we get a clearer picture of what is happening. From this valentine gift to the workers and the unemployed of this nation we find this, and perhaps I could just read briefly four or five statistics. We find that in

Canada as a whole and in every region in Canada this year, as compared with the same time last year, there has been a staggering increase in the number of people who are unemployed expressed as a percentage of the working force, the figures being 10.8 per cent for Canada as a whole; 14.9 per cent in the Atlantic provinces; 13.9 per cent in Quebec; 8.5 per cent in Ontario; 7.5 per cent in the prairie region and 13.3 per cent in the Pacific area.

Even if we go back only one year we find that this is undoubtedly the result of a kind of ministerial myopia on the part of the Minister of Finance when he presented the budget of last year. *Hansard* is full of warnings given by members of this house to the government in office over the last three or four years. The newspapers and economic magazines, including the *Financial Post* and others, are full of warnings to the government of Canada dating back over the last two or three years that an economic crisis was developing and that it would probably reach its full force and effect some time in the winter of 1960-61, and that is the winter we are in now. But our shortsighted Minister of Finance, obviously with the complete endorsement of his colleagues, refused to heed these particular warnings. Rather than heed them and listen to them, he was more prepared to be a gambler and gamble with the very lives and welfare of the workmen in industry and their wives and children, and place blind reliance on the fact that prosperity might be just around the corner.

This was the gist of the budget in 1960, that everything looked rosy for the future. The Minister of Finance still wore the rose-tinted, visionary glasses to which the hon. member for Timmins referred some time ago. The unfortunate thing is that in this gamble of the Minister of Finance the only thing he could lose was his seat and the seats of his colleagues. But the workers of the nation could lose their jobs, their incomes, their furniture, their refrigerators, cars and television sets, and in some instances the homes they had purchased on faith in the fact that we would have in Canada a government which would have some sense of decency in regard to their welfare and employment.

Mr. Macdonnell: Mr. Speaker, would the hon. member permit a question?

Mr. Howard: Gladly.

Mr. Macdonnell: The hon. member is covering a great deal of territory with a great many generalizations. He has even used the word "collapse". Could he give us some references or quotations to support these, to me, wildly extravagant statements he is making?

[Mr. Howard.]

Mr. Howard: The one that comes immediately to hand is *The Labour Force* for the week ended January 14, 1961. This is a government publication. The third sentence of this publication reads:

> Unemployment rose by 165,000 over the month.

I referred earlier to the percentage figures in this same statement. Rather than wade right through these figures, I have them here in tabular form.

Mr. Macdonnell: I am not questioning the percentages of unemployed that the hon. member gave. This matter is serious. We are all greatly exercised about it. But when he uses the word "collapse" I think that is a very extravagant word. As a matter of fact, several million people in this country are working and are producing a very great many things. The hon. member spoke about three or four years of bad times and everybody warning the government. We had a fairly stable period during that time, and at one time we all thought we were perhaps on the way up to a new boom. I suggest that to refer to a period of three or four years of bad times is just an exaggeration.

Mr. Howard: I have a tremendous amount of respect and admiration for the hon. member, but in asking the question he made the statement that everyone was convinced that things were going well. Such is just not the case, Mr. Speaker. The point I am attempting to get to is this. This was what I consider to be a blind, unreasoning, illogical policy in our present capitalist economic system, and is not in fact a good policy to follow. This is the end to which I am leading.

I used the past three or four years as an example because this government was in office. But we could very easily extend that back to the time the Liberals were in office and the so-called 1949 recession, or rolling readjustment or whatever it was, and the 1953 decline—if the word "collapse" is not generally acceptable—in the economy, and the start of the collapse in our economy in 1957 and 1958.

When the Liberal party was in office it had the same blind, unreasoning faith and did absolutely nothing to deter this slump in the economic cycle. This was because it followed the theory that all we have to do in this type of economy is let business run rampant, let business do as it pleases, provide the sort of economic climate within which business can develop and provide employment, build up industries and expand, and so on and so forth. If this is done they believe everything will be fine and dandy and rosy. But history has shown that such is not the case. Perhaps, Mr. Speaker, I am getting ahead of myself. I did wish to lead into these thoughts

but the hon. member, by posing his question, somewhat anticipated my line of argument. However, it is perfectly all right.

We have been convincing ourselves that the correct approach to our economy is to provide, if I may use the phrase which has been generally used, an economic climate within which business will feel at home, will feel comfortable and secure. It is believed that this is all government has to do; that it should provide this sort of climate, whether it be by tax incentives, tax concessions, accelerated depreciation or lower stumpage rates in connection with the lumber industry, special concessions to the mining industry, royalties and that sort of thing.

All these things have been tried at one time or another. The theory is that this is all we have to do and business will function well, thereby the economy will function well and workers will be employed. But it does not happen that way. It occurs for short periods of time, and these periods of time have been decreasing as the years go by. This means that our business cycle is becoming faster, the slumps, the valleys and heights of business activity have become quicker and quicker in the last 20 or 30 years.

The reason this does not function too well is that business primarily is selfish. Any particular industry is selfish to the extent that it is in business and in operation to make a profit. This is the prime motivating force behind business function. The first and prime requisite of corporations, industries or a group of industries in concert one with the other is to make it a profitable enterprise. This is the first and foremost aim.

Following from that, these business organizations or industries have less concern for the effect of this policy upon communities that may be established in their areas. Let us look at the uranium industry. This was of course a government milk-fed group which believed in socialism for the uranium mining corporations themselves. But apart from that and it is not too correct a comparison to draw—they do not take into account too much the effect upon communities within which they are established, if the effect upon those communities is going to override the profit consideration. They do not take into account too much the impact upon the natural resources. The logging industry is a prime example of this. The policy in the logging industry for years and years and years was the old cut and clear policy: "Let us just mow the trees down one after the other, acre after acre, mile after mile, and let us not worry about posterity and whether there will be any trees left for posterity".

It took the government intervention to stop this practice. Finally the government stepped in and said, "This cut and clear policy is not good. You will have to log in a certain way in order to promote the growth of trees in this same spot in later years, either by natural regeneration process or by artificial means. You will have to plant trees." The government stepped in to protect the interests of the people because of this cut and clear policy. This is one instance where the future of the people was endangered because of the selfish approach of the business corporate structure. I do not complain too much about them trying to do this; I complain about the type of economic system that pushes them into doing it. This is what I say is wrong.

They do not concern themselves too much with the effect upon the work force. When the welfare of that work force becomes a consideration overriding profits, profits come first. We all know of instance after instance of this type of thing happening. Examples extend right to the point where business says it is sorry, it has to curtail production, it has to lay people off and it has to shut down industry. Businesses say, "But we have to protect our profit picture as much as possible".

This is what I was leading up to when I referred to the last three or four years. These warnings were given time and time again, that it required government intervention, government planning, government regulation, government co-ordination of some sort to protect the welfare and interests of our people. We have to protect our workmen, because it is impossible for them to protect their own interests and those of their families. These are of paramount importance to workmen. We have to protect them against, for example, the C.P.R., the Aluminium Company of Canada, H. R. MacMillan and Bloedel or any other corporate structure.

The workman is not in the same class at all; he is just a cog in the wheel producing a certain commodity. He has no way of protecting his own right to work, his own job. If the economic situation becomes such that corporations decide to close down, it is unfortunate for such an individual. He has no way of protecting himself. The only element in society as we know it today which is capable of protecting such an individual, such a workman, is parliament, and I am using this term as being synonymous with parliamentary action.

Parliament, as we know, is in practice run by government. Only the government can introduce certain types of measures into the house, and so on. Initially, therefore, it falls on the government to adopt economic policies to deal with the shortcomings in our present system, and I think the government should

adopt policies of a democratic socialist type, or policies based on a democratic socialist philosophy, introducing measures which will alleviate unemployment and protect workers in both industry and agriculture as far as this can be done. This is where the government has failed. It has followed blindly an unreasoning faith that prosperity is just around the corner, that business will quickly pick up again, and that this is all that is necessary to keep the economy going.

In January, 1958 the C.C.F. developed some ideas regarding what could be done to deal with the state of our economy as far as we could see the situation at that time. This was at a period when the Prime Minister of this nation was solely concerned about juggling things in order to get re-elected. One of the things we advocated then was:

> To undertake in co-operation with provincial and local governments work on public projects which could be started immediately. This would create new jobs in the quickest possible time.

Following that, we found the government had introduced a winter works program. Another thing we advocated at the time was:

> To undertake a joint federal-provincial program to set up facilities on a permanent, year-round basis to retrain those workers who have become unemployed because of technological changes in industry.

We have just, during this session, seen the introduction of legislation along those lines by the Minister of Labour in his vocational training bill. If this had been done three years ago it would have helped immeasurably at the present time. In 1958 we also urged the desirability of long-range planning and an attempt to co-ordinate activities in the field of business in order to protect the interests of workmen and their families, and to provide them with the highest possible standard of food, clothing, shelter and education, besides ensuring that their standard of living was not decreased because of the inaction of the government.

Well, a conference on unemployment was called. It was designed to bring together various economic groups in the nation, and it was hoped that something valuable would emerge out of the discussions. The only thing that developed was the national productivity council, which cannot do one blessed thing about unemployment right now; first of all because it does not even exist at present and, second, because it is a long range effort in any event.

The Minister of Labour has said that the problem of unemployment is not his responsibility. His responsibility ceased the day after the last election, but will be revived, I am sure, a few days before the next election, whenever that may come. The Minister of Labour, obviously with the complete approval of his colleagues in the cabinet, says it is now labour and management which should get together and set about overcoming our difficulties. It is a commendable and a desirable thing for labour and management to discuss their problems and attempt to reach some mutually satisfactory way of dealing with them in order to improve the economy and promote employment. But, I submit, the Minister of Labour is either speaking with his tongue in his cheek or he is particularly naive when he speaks in this vein. Management is not going to sit down with labour or anybody else and talk about fields of activity within the corporate structure. The stand taken by management has always been to resist every step of the way every attempt by a trade union to concern itself with what management calls its God-given right to manage, and to resist every step of the way the desire of unions to talk to management about anything.

You will remember, Mr. Speaker, that many years ago management did not even want to talk with trade unions. That was the position; and it took a law, introduced in the United States, to alter this position. That law said that management must sit down with labour and bargain collectively. That kind of contact arose, therefore, only out of force of circumstances and government protection.

Talk to management about discussing with labour these fields of productivity and prices, and they will tell you it is none of their business. They will not talk to the unions about their profit picture. That is something inviolate, something the corporations want to keep to themselves. They will not talk about the corporate debt picture and take suggestions from labour or anyone else as to whether they should finance their operations in a different way. They will not talk about the amounts placed in their depreciation accounts. They say this is their business and no business of labour. They will not talk about further borrowings, or dividend payments; they would never listen to suggestions that these were too great or too little. They will refuse to talk about expansion into the processing industries and a variety of other equally important subjects. This business of labour and management sitting down and discussing the entire productivity question is a dream. As far as management is concerned it is not in the least interested in discussing these things with labour, and this has been the situation for many years.

Mr. Macdonnell: I apologize for interrupting the hon. member, and if he does not agree I will take my seat at once, but I should

like to ask him a question. The hon. member has been making, again, the most sweeping assertions, without any qualification, as to the attitude taken by employers toward employees. I have had a little experience myself —not very wide, but some—and I want to tell the hon. member that I am aware of cases where the situation he is suggesting is simply not so. Is the hon. member not speaking of a few cases where conditions may be as he has described? I suggest to him that to stand up and make assertions of such a sweeping character is not fair and, perhaps, even improper.

Mr. Argue: That is hardly a question, especially coming from someone so experienced as the hon. gentleman.

Mr. Macdonnell: I appreciate that the hon. member has been very kind in allowing me to intervene.

Mr. Howard: I do not object at all; I am sure I shall not lose my place on the floor. As far as I am concerned the statements I have been making are not unfair. They are statements of fact in the light of my experience in this field. If the Minister of Labour expects labour and management to sit down and find a solution to this unemployment problem, then the minister is talking through his hat and he is not going to get any results. It may well be that in some cases an industry or corporation will open its books completely and take suggestions about ways in which productivity might be increased. This might be done in an isolated case, but it would not affect the economy of this nation to any extent. So I say the Minister of Labour is merely abdicating his responsibility in this field.

This is a problem of primary concern because individuals are involved. There were some 693,000 of them involved as of January 14, and there are undoubtedly another 100,000 in addition to that, by now. We in parliament are expected to take steps to alleviate unemployment and lessen the burden on people in the bread lines, the unemployed, those who are on welfare and have no income, who are living hand to mouth almost begging for a bite to eat and something to go on.

It is a sorry shame that political parties will promise anything with respect to employment opportunities in order to get elected. There has been no better example than the Prime Minister with his promises of solving all our problems and providing full employment. This is an unfortunate occurrence. I could use stronger language but I do not want to be unparliamentary. Instead of shrugging off their responsibilities as they did last year and devoting their time to attempting to protect the Prime Minister for his past errors, I urge hon. gentlemen opposite to consider that it is not too late to give the question of unemployment full study, perhaps as is being done at the moment by a committee of the other place.

We cannot sit idly by when there are 693,000 unemployed together with their families and heaven knows how many others. The children of the unemployed, sorrowfully, are the innocent victims of this crisis. We cannot ignore this problem and say that if we wait a little while business activities will pick up, conditions will change and employment opportunities will open. This is the most unkind thing we could do to the unemployed.

The unemployed have a responsibility, too. They should protest their plight in every way open to them. They should march on the federal and provincial governments, carry placards, lambaste the government and take every step open to them to make known their plight and convince the government that action should be taken.

Perhaps I should stop there and move my subamendment. I move, seconded by the hon. member for Timmins (Mr. Martin):

> That the amendment be amended by adding thereto the following words:
>
> "and this house further regrets that the lack of constructive government planning in monetary and debt management policies has resulted in the deepening of the unemployment crisis".

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I should like to begin my remarks this afternoon by quoting with full approval the opening remarks made by the hon. member for Kootenay West (Mr. Herridge) yesterday, as recorded at page 2207 of *Hansard*. The hon. member was commenting upon the subject matter chosen by the Leader of the Opposition for his amendment to my motion to resolve the house into committee of supply. Drawing attention to the fact that everyone had been led to expect that the official opposition wished to discuss unemployment conditions in Canada, the hon. member said:

> Without any question, that is an emergency. Repeatedly during recent days we have heard demands from the official opposition that the government have a day's debate on unemployment. We in this group have sat here with bated breath waiting for the cannon's roar on unemployment. We have been disappointed. We have just finished listening to the pop gun in respect to one segment of the problem that faces us at this time. We were surprised; we were amazed; we were disappointed.

Mr. Martin (Essex East): Mr. Speaker—

Mr. Fleming (Eglinton): Those are very apt words on the part of any hon. member in this house who was present yesterday afternoon.

Mr. Martin (Essex East): Mr. Speaker, I rise on a point of order.

Government Monetary Policy

Mr. Fleming (Eglinton): There is no point of order. The hon. member for Essex East is engaging in his old tactics again.

Mr. Speaker: Order.

Mr. Martin (Essex East): My hon. friend keeps lecturing me, but I am going to tell the hon. gentleman that I will take my lecturing only from the Speaker and not from him. My hon. friend says, Mr. Speaker, that we have decided to discuss monetary questions. Will the minister deny that this house was assured by the Prime Minister and by the house leader that we would call the labour estimates tonight and discuss them tomorrow and have a general discussion on unemployment?

Mr. Bell (Carleton): That is nonsense.

Mr. Martin (Essex East): That was a solemn commitment made by the government.

Mr. Speaker: Order. The hon. member for Essex East may have a point to argue, but certainly it was not a point of order.

Mr. Fleming (Eglinton): Mr. Speaker, I was going to come to that. It was a prickly conscience that prompted the hon. member for Essex East to rise to his feet and attempt to raise a point of order. The hon. gentleman talked about a solemn commitment. There was no such thing. The hon. member has completely overstated the facts. I shall deal with that. I am going to deal very fully with that subject.

I have said that the remark made by the hon. member for Kootenay West was a very apt remark for any hon. member of this house to have made under the circumstances. We have had on numerous occasions from the official opposition, and not least of all from the voluble hon. member for Essex East, assertions that there is an unemployment crisis, a national emergency.

Mr. Martin (Essex East): There is no doubt about it.

Mr. Fleming (Eglinton): We have had this dinned into us for days. It was only last Wednesday, February 15, that the hon. member for Essex East himself sought to bring this matter forward for discussion on a motion to adjourn the house. It will be found on page 2067 of *Hansard* of that date. The hon. gentleman asked leave to move the adjournment of the house under standing order 26, and I quote the hon. gentleman's words—

> —for the purpose of discussing a definite matter of urgent public importance, namely the addition of 165,000 persons to the ranks of the unemployed during the past month.

After you had ruled against the motion to adjourn the house for this purpose, the Leader of the Opposition, as reported at page 2069 of *Hansard* addressed a question to the Prime Minister, in these words:

> Mr. Speaker, I should like to ask the Prime Minister whether he would request the house to give unanimous approval to the calling, immediately, of the estimates of the Department of Labour, so that we can discuss without any delay the serious unemployment situation.

That was the situation last Wednesday. There was a great enthusiasm and a great zeal on the part of the hon. gentlemen opposite to discuss unemployment. The official opposition was given a full opportunity yesterday to call the tune in respect to the subject matter of debate, an uninhibited opportunity. Let me remind the house of what the Prime Minister said by way of rejoinder to the Leader of the Opposition on the occasion to which I referred. The hon. gentleman said:

> Mr. Speaker, there will be a supply motion on Monday, when every opportunity will be given to hon. gentlemen to speak on this subject if it is within the rules of the house so to do. If that motion is passed, and if the house so wills, among the estimates to be called will be those of the Department of Labour.

When the motion that I introduced yesterday to resolve the house into committee of supply is passed, as I trust it will be this evening, among the several departments the estimates of which will be called will be the Department of Labour. Let us examine what the hon. member for Essex East has added to this. The hon. gentleman said that there was a commitment to go on in committee of supply tomorrow.

Mr. Martin (Essex East): No, no.

Mr. Fleming (Eglinton): There was no such thing, Mr. Speaker. The subject was not even discussed. I say this, that when the Leader of the Opposition (Mr. Pearson) yesterday in his remarks sought to create this impression he had no basis in fact whatever for doing so. I was very interested in what the Leader of the Opposition had to say yesterday by way of trying to excuse himself for ducking, for sidetracking, for sidestepping a debate on unemployment. It was a completely deliberate choice on his part. Note the way in which he put his remarks in this respect. His statement is to be found at page 2198 of *Hansard* and it is a fine example of ambiguity. He said:

> The Prime Minister told us last week—

Obviously he was referring to the incident to which I have just alluded in *Hansard*.

> —that the labour estimates would be called tomorrow, so we have a right to expect a general debate on other aspects of the unemployment problem without delay, perhaps on Wednesday of this week.

Whether or not the Leader of the Opposition intended it, Mr. Speaker, I think that probably most people reading that sentence would

think the Leader of the Opposition was saying that the Prime Minister (Mr. Diefenbaker) had indicated there would be a right to expect a general debate on the unemployment problem without delay, perhaps on Wednesday of this week. But the Prime Minister did not say that at all.

Mr. Martin (Essex East): The implication is clear.

Mr. Fleming (Eglinton): The implication is not there and it never was there.

Mr. Pearson: Don't try to duck out of it.

Mr. Fleming (Eglinton): This is just an attempt on the part of the Leader of the Opposition to find an excuse for having deliberately sidestepped a debate on unemployment yesterday. Let there be no doubt that on the motion to resolve the house into committee of supply the Leader of the Opposition had the floor and it rested in his hands to choose the subject of debate. Yet he deliberately chose a different subject and in this way avoided a debate on unemployment.

So the house will be able to understand without the slightest difficulty, Mr. Speaker, just how anxious the official opposition is for a debate on unemployment, let me repeat that they had their opportunity for a two-day debate and they deliberately avoided it. I say that all this talk we have been hearing about a national emergency, about a situation that demanded immediate discussion in parliament, an immediate debate last Wednesday, has been exposed as sheer hypocrisy.

Mr. Martin (Essex East): Do you deny that the emergency exists?

Mr. Fleming (Eglinton): Listen to them now, Mr. Speaker. Listen to them. Yesterday the Leader of the Opposition took great offense because I asked him a couple of questions. Oh, yes, he was not to be interrupted, he was above that, but I have hardly begun and the hon. member for Essex East (Mr. Martin) has already introduced one of his typical bogus speeches under the guise of a point of order and now the Leader of the Opposition is leading the chorus of intervention.

Mr. Martin (Essex East): You are very provocative.

Mr. Fleming (Eglinton): It is an interesting commentary on tactics.

Mr. Pearson: We are following your tactics.

Mr. Martin (Essex East): You are a very provocative minister of finance.

An hon. Member: Give us the floor.

Mr. Fleming (Eglinton): The Leader of the Opposition can have the floor but I think before long he will be spreading himself on it.

Mr. Habel: He will not need a flag for sure.

Mr. Fleming (Eglinton): Mr. Speaker, the fact that this was a deliberate manoeuvre on the part of the opposition is, I think, further evidenced by the fact that the amendment now under debate is by no means new. This is not a brand new burning subject at all. To every intent and purpose this is a repetition of the debate that was held in the house two years ago on a similar amendment introduced at that time on behalf of the official opposition. They wanted to have a debate on this subject, they wanted to avoid a debate on unemployment and so what they have done now really could have been tagged on to any theme at all.

Let us not think this is evidence of great concern on the part of the official opposition about the matter of monetary policy in this country under present circumstances. Let me ask you, Mr. Speaker, to have regard to the amendment introduced in the house on April 27, 1959. There you will find that the official opposition moved an amendment to virtually the same effect. It was introduced on that occasion by the hon. member for Ottawa West (Mr. McIlraith). The amendment was in these words, and I am reading from page 3073 of *Hansard* of April 27, 1959:

> That all the words after "that" to the end of the question be deleted and the following substituted therefor:
>
> "this house regrets the ill-conceived and irresponsible actions of the government in the field of debt management and monetary policy which have been characterized by:
>
> 1. The errors and inequities associated with the conversion loan;
> 2. The highest bank rate since the Bank of Canada was established;
> 3. The largest expansion of the money supply in any year since the war;
> 4. The greatest increase in peacetime in the national debt;
> 5. The highest public debt charges in Canada's history.

That was the amendment introduced two years ago. The present amendment is to precisely the same effect and every one of the arguments we heard yesterday was relevant to the debate of two years ago. Indeed, the enumeration that appeared in the amendment of two years ago was the theme of the speeches by the Liberal opposition. They did not introduce new evidence. They simply threshed old straw that was threshed at very considerable length in the debate two years ago. So we have further evidence of the urgency which the official opposition attaches to a debate on unemployment. They did not turn to another urgent subject. They turned up another subject by exhuming the debate of

two years ago. The Leader of the Opposition made the same kind of speech as was made on that occasion by the hon. member for Ottawa West and the hon. member for Welland (Mr. McMillan) made the same speech almost verbatim as he made at that time and as he has made numerous times in the house.

This is a measure of the alleged emergency. This is a measure of the urgency in the minds of members of the official opposition in reference to the subject of unemployment. The Leader of the Opposition, deliberately avoiding a debate on unemployment, introduced instead a theoretical lecture on the subject of monetary policy—

Mr. Martin (Essex East): Much needed.

Mr. Fleming (Eglinton): —with all the Lamontagne earmarks attached to that lecture and the whole speech devoid of so much as one single constructive suggestion. It was buttressed not with new evidence but with stale assertions. So much for the alleged emergency, Mr. Speaker. Monetary policy was the subject that was chosen.

Mr. Pearson: We will deal with unemployment tomorrow.

Mr. Fleming (Eglinton): Another interruption from the Leader of the Opposition, Mr. Speaker. I did not catch it but it will be on the record—

Mr. Pearson: I hope so.

Mr. Fleming (Eglinton): —and that will warm his heart.

Mr. Martin (Essex East): He said that we will be discussing unemployment tomorrow.

Mr. Fleming (Eglinton): The subject of monetary policy has a bearing, of course, on economic conditions. It has at any time. I am sure that the importance of monetary policy in its proper sphere will be denied by no one. The importance of monetary policy can, of course, be exaggerated and it suited the purposes of the Leader of the Opposition yesterday, of course, to resort to this favourite Liberal tactic. I am not going to make extended comment on this particular aspect of the matter. I could say a great deal on this subject but I will simply put on the record for the instruction of the hon. member for Essex East—

Mr. Martin (Essex East): Thank you.

Mr. Fleming (Eglinton): —a statement made several years ago by the late James Muir, then president of the Royal Bank of Canada. I quoted this statement on August 11, 1956, as found at page 7460 of *Hansard*, and it is in these words:

> Experience shows that monetary policy is more effective against inflation than against deflation. But there are dangers. As I have already pointed out, the policy may go too far. It may also be unselective, curbing healthy as well as unhealthy or excessive bank credit.

No less a person than Lord Cobbold, the governor of the Bank of England, said in a speech in Edinburgh on February 9, 1961:

> I also accept—indeed it is a theme which I have myself argued for many years past—that monetary policy cannot cure all ills and that it is a great mistake to expect it to carry loads which should be carried in other fields of government policy.

Mr. Speaker, I think that these are words that will help to put this subject into its proper focus and perspective. However, Mr. Speaker, the issue that the Liberal opposition has chosen to raise in this debate is an issue as to where responsibility lies with respect to monetary policy in Canada. The Leader of the Opposition has certainly striven to the utmost to create maximum confusion on this subject and then exploit it. Let me leave no doubt in the mind of any hon. member in this house, Mr. Speaker; the government is always prepared to assume its responsibility. It will always measure up to that responsibility and will hold itself accountable to parliament at all times. We have given abundant evidence of that respectful relationship. And, sir, so far as I am personally concerned in this relationship that the minister of finance has with the Bank of Canada, I also give the house full assurance that any matters on which the minister of finance has responsibility, has any duty cast upon him, so long as I have the honour to hold this office that responsibility will be accepted. There will be no attempt to deny or reduce it. But, Mr. Speaker, I am not going to pretend before this house that I have the power in certain areas that I do not, as minister of finance, possess. I do not think it is proper on an issue of this kind for the Leader of the Opposition to pretend that the power or authority which exists is held by the government or the minister of finance when in fact parliament has legislated otherwise. The government is not omnipotent; parliament is, within the terms of the British North America Act and federal jurisdiction. The government's power in all matters financial is derived from parliament; it depends upon enactments.

Mr. Speaker, the Leader of the Opposition sought yesterday to create or present an issue as though it lay between the government and the Bank of Canada. I shall have something to say on this subject. I say, Mr. Speaker, and this is the keynote of what I am about to submit, that in the field of monetary policy parliament has given the essential authority to the Bank of Canada and not to the government or to the minister of finance.

When we look for the place where power resides with respect to money supply in Canada we find that parliament has given no power to the government. Therefore, Mr. Speaker, when the Leader of the Opposition criticized monetary policy yesterday he was not, as he tried to represent, criticizing the government; he was criticizing the Bank of Canada. The Leader of the Opposition added the pretence, for his own partisan purpose, that the government has the responsibility.

Mr. Speaker, I will be glad to examine that question and deal with it fully. Let me say at the outset that it is perfectly proper at all times that any question of this nature should be discussed right here in parliament. But, Mr. Speaker, let us be clear in relation to this basic question of where the power does lie and whether responsibility should be fixed on the government or elsewhere. May I remind the house, Mr. Speaker, that not every public institution is subject to the government, or responsible to it. I suppose another comparable example is the Canadian Broadcasting Corporation. In its operations and in its programs it is not responsible to the government. It has been fundamental, indeed it has been axiomatic in the relationship between parliament and the Canadian Broadcasting Corporation from the outset, that its responsibility was to parliament, not to the government. The view has prevailed in parliament that the government must keep hands off the Canadian Broadcasting Corporation.

The Leader of the Opposition yesterday was all mixed up on the subject of budgets, Mr. Speaker. I will have a word to say about that. He was outdone, of course, by his right bower, the hon. member for Essex East (Mr. Martin). Any time the Leader of the Opposition makes an error you may be very sure, Mr. Speaker, that the hon. member for Essex East will go him one better, and he certainly did yesterday.

In the case of the Canadian Broadcasting Corporation, it does submit its budget to the government. Parliament has provided, Mr. Speaker, in plain terms that the budget of the Canadian Broadcasting Corporation must be passed on by the government, and it is submitted to parliament along with all the other estimates submitted to parliament by the government. Yet, even in face of that fact, it is a firm and established rule that parliament shall not control the operations or programs of the Canadian Broadcasting Corporation. Where does the responsibility rest here, Mr. Speaker? Not with the government. Parliament has so dictated.

What then of the Bank of Canada? Mr. Speaker, the provisions that parliament has enacted in this regard are very clear. Parliament, in its wisdom, has conferred certain powers upon the Bank of Canada in plain terms. I shall detain the house only by reading several provisions which will be relevant to my later remarks. In section 18, subsection 3, these words appear:

> The bank shall at all times make public the minimum rate at which it is prepared to make loans or advances.

Section 20, subsections 1 and 2, read:

> (1) The bank shall act as fiscal agent of the government of Canada without charge and, subject to the provisions of this act, by agreement, may also act as banker or fiscal agent of the government of any province.
>
> (2) The bank, if and when required by the minister so to do, shall act as agent for the government of Canada in the payment of interest and principal and generally in respect of the management of the public debt of Canada.

And then section 21, subsections 1 and 2 read:

> (1) ... the bank shall, except as provided in the Bank Act, have the sole right to issue notes payable to bearer on demand and intended for circulation in Canada and may, subject to section 23, issue such notes to any amount; such notes shall be legal tender, and shall be the first charge upon the assets of the bank.
>
> (2) It shall be the duty of the bank to make adequate arrangements for the issue of its notes at its head office and at its branch offices and agencies in Canada, and to supply such notes as required for circulation in Canada.

Those are very plain terms, Mr. Speaker, and there is the legislative code provided by parliament for the determination of this question which has been so confused by the Leader of the Opposition. The bank acts as the fiscal agent of the government. The government is responsible for debt management, but it has the right to call upon the services of the bank in that regard. The bank is given the sole right to determine what is called the bank rate, as described in section 18, that is the minimum rate at which it is prepared to make loans or advances. This provision is fundamental in relation to the question of responsibility. In regard to the direction of the monetary policy, in section 21 it is provided that the bank has the sole right to issue notes payable to bearer on demand and intended for circulation in Canada.

Then in subsection 2 it is provided that it is the duty of the bank to supply such notes as may be required for circulation in Canada. There is no right reserved to the government under section 21 in regard to the money supply or notes in circulation. The crux of monetary policy is surely control of the money supply. This does not mean that the Bank of Canada is not responsible. It is not responsible in this respect to the government. It is not under the authority of the government. The government cannot give it

orders in this regard. Because the government has not power to direct the Bank of Canada what to do in this respect or what not to do, it is not correct to hold the government responsible, as the Leader of the Opposition is seeking to do, for in this relationship the government has no power or authority whatever given to it by parliament in relation to the Bank of Canada. Parliament has chosen to retain this power and authority unto itself, as it has done in relation to the Canadian Broadcasting Corporation.

The Leader of the Opposition yesterday referred to the speeches that have been made by the governor of the Bank of Canada. Mr. Speaker, may I say that I have no right of censorship over the speeches of the governor of the Bank of Canada. He does not refer them to me. Why should he do so? This is a free country. He makes his own speeches and chooses his own themes. I read these speeches afterwards as does the Leader of the Opposition. It is sometimes forgotten by hon. members opposite that this is a free country. I trust that I am not to be held responsible for what may be said by the governor of the Bank of Canada when he exercises his right as a citizen to make speeches.

Mr. McIlraith: He cannot make speeches on that subject as a private citizen. When he speaks on it he speaks as governor of the Bank of Canada.

Mr. Fleming (Eglinton): There we have the hon. member for Ottawa West making another speech from a sitting posture.

The governor of the Bank of Canada does not speak for the government when he makes these speeches and he does not claim to do so.

We heard what was reported to be a review yesterday of the views expressed on this subject over a period of years by certain of my predecessors and these were put forward by the Leader of the Opposition as some authority, as he argued, for the assertion that the bank has an immediate responsibility to the government and an ultimate responsibility to parliament.

Let us put ourselves clearly on record right now, Mr. Speaker. What I say is this, and I have given chapter and verse in the enactments of this parliament to show it. I say that the responsibility owed by the Bank of Canada is to parliament. It is not an ultimate responsibility. It is a direct responsibility.

Mr. Martin (Essex East): We never questioned that fact; that is not the point and the minister knows it.

Mr. Fleming (Eglinton): We have another interruption Mr. Speaker, another speech. This time it is from Essex East and I shall have occasion—

[Mr. Fleming (Eglinton).]

Mr. Pearson: Will the minister permit a question on this specific point?

Mr. Fleming (Eglinton): Yes.

Mr. Pearson: Perhaps he would explain the statement he made on August 11, 1956.

Mr. Fleming (Eglinton): Yes. I am coming to that matter. I am going to review these statements that were quoted yesterday by the Leader of the Opposition. I intend to deal with the one of mine that he read.

First of all, as his first argument or piece of evidence with which to buttress this assertion that the bank has an immediate responsibility to the government, the Leader of the Opposition yesterday made the statement that the bank submits its budget to the government. Here is his statement as found at page 2200 of *Hansard*, in the second column. I would ask you, Mr. Speaker, to note the relationship of these two assertions:

> The bank, like several other public corporations, however, has an immediate responsibility to the government and an ultimate responsibility to parliament.

I would ask you to note what immediately follows, Mr. Speaker, namely his best piece of evidence for that assertion:

> The governor and the directors are appointed by the government. They can be removed only by parliament, it is true. The budget of the bank is approved each year by the government.

Mr. Speaker, I listened to that statement with consternation and I rose in my place and asked the Leader of the Opposition this question:

> Do I understand that the Leader of the Opposition is saying that the budget of the Bank of Canada is approved each year by the government?
> Mr. Pearson: That is what I said, Mr. Speaker.

Those were bold words, Mr. Speaker. Then, of course, Essex East was not satisfied with this bold declaration so we have this statement on the record—

Mr. Martin (Essex East): I rise on a point of order, Mr. Speaker, the hon. member knows that when he refers to another hon. member he must, under the rules of this house say "the hon. member for" and give the name of the constituency he represents.

Mr. Fleming (Eglinton): How does this most hon. member know that I was even referring to him? I said that Essex East was not satisfied with the statement of the Leader of the Opposition. So the hon. member for Essex East then put in his two cents' worth. He, having heard his leader say, "That is what I said", we read this on the record:

> Mr. Martin (Essex East): Surely that is the case.

Mr. Speaker, he was just about as right as he usually is. His batting average has been running rather high; the Martin bureau of

statistics is, I think, well in the lead in this house in terms of an all time record of errors.

Mr. Martin (Essex East): It certainly worries the minister.

Mr. Fleming (Eglinton): The fact is this. Contrary to the assertions of the Leader of the Opposition and his most honourable right bower there, the fact is that the Bank of Canada never submits its budget to the government or to the Minister of Finance. It never does so.

Mr. Pearson: Will the minister permit a question on that point?

Mr. Fleming (Eglinton): Yes.

Mr. Pearson: Does the minister deny that certain expenditures of the Bank of Canada have to be approved by the cabinet and that the accounts have to be approved each year by the cabinet?

Mr. Fleming (Eglinton): The situation is plain. The Bank of Canada sets its own budget. It never brings its budget to the government. All that it does in this regard is this: The audited statement of the bank, of course, is forwarded to the Minister of Finance.

Mr. Pearson: Of certain expenditures?

Mr. Fleming (Eglinton): No. The statement relates to their holdings of securities and things of that kind, the sort of thing that is normally covered by audit. This is extremely interesting, Mr. Speaker. The Leader of the Opposition now is crawling; he is trying to distract attention from this horrible bloomer that he uttered yesterday. We will not hold the Leader of the Opposition too directly responsible. He never was an economist. But I think that we can hold to account those who write these speeches of his and who are his advisers on economic questions.

Mr. Pearson: I rise on a point of order. The minister has talked about persons writing my speeches. May I tell the minister that I write my own speeches, as he undoubtedly writes his in spite of the dozens of experts he has helping him.

Mr. Fleming (Eglinton): Then, Mr. Speaker, we can understand why the Leader of the Opposition makes these frightful errors in his speeches.

Mr. Pearson: Mr. Speaker, the minister is talking about this one statement about the budget because it gives him a chance to get away from important matters. But does the minister deny the statement I made a moment ago that certain expenditures of the bank must be approved by the governor in council each year.

Mr. Fleming (Eglinton): I have dealt with that subject and I have deal with it fully.

Mr. Pearson: Answer the question.

Mr. Fleming (Eglinton): I am not going to be distracted by the Leader of the Opposition. I am going on to read what was further said. I had asked that question in sheer consternation that an hon. gentleman who has been in this house many years and who sat as a member of the government for nine years, would rise in his place and make this extraordinary statement and then build his whole case on this error, and that another hon. member who has graced this house for 26 years now, would go the Leader of the Opposition one worse, yesterday. The Leader of the Opposition went on to say this:

> Perhaps the minister will point out what the situation is when he replies.

Mr. Pearson: That is what I am asking.

Mr. Fleming (Eglinton): The quotation continues:

> If the minister is now saying that the government of this country has no responsibility for the budget of the Bank of Canada, perhaps he will explain that statement when he speaks.

Let me explain that statement, Mr. Speaker. The statement made by the Leader of the Opposition is totally, utterly and completely wrong.

Mr. Pearson: Answer my question.

Mr. Fleming (Eglinton): There never was a time when the Bank of Canada submitted its budget to the government. So, on this foundation the Leader of the Opposition bases his statement which follows:

> Therefore, although the bank has been given wide powers and specific and important functions, the government, as we see it on this side and as we have seen it for many years, must accept full and sole responsibility for the way in which those powers are exercised and the manner in which those functions are carried out.

I do not believe any minister of finance, Liberal or otherwise, has ever gone that far before. When the Leader of the Opposition says this is the opinion he has had for many years, I wonder why in the nine years he was a member of the former government he did not take the simple precaution of proposing an amendment to the Bank of Canada Act to legislate clearly and adequately on this subject for the purpose he had in mind. Why, after some very contrary statements were made by the Hon. Walter Harris, then minister of finance, in 1956 did not the Leader of the Opposition demand that the government bring in the necessary legislation to change the situation as it was described by the then minister of finance.

We have it, then, that the Leader of the Opposition bases his assertion as to responsibility resting upon the government on the fact that the government appoints the governor and the members of the board of directors. These are facts, but the Leader of the Opposition has recognized that once they are appointed they cannot be removed by the government; they can only be removed by parliament. So where does the control by the government rest under those circumstances? All of this is the case that has been put forward by the Leader of the Opposition, with no evidence in support.

He referred yesterday to a statement made by Mr. Dunning in 1936. If you will examine the record, Mr. Speaker, you will see that Mr. Dunning was in this respect speaking on a rather different topic and was simply commenting on an interjection made at that time by Mr. Bennett.

In 1941 Mr. Ilsley made a comment on this subject in broad terms. In 1951 Mr. Abbott—

Mr. Martin (Essex East): Read what Mr. Ilsley said.

Mr. Fleming (Eglinton): —made a statement on this subject.

Mr. Martin (Essex East): Read what he said.

Mr. Deputy Speaker: Order.

Mr. Fleming (Eglinton): Mr. Speaker, in 1951 Mr. Abbott was making a statement just in the course of discussion. He pointed out that he had not a copy of the Bank of Canada Act before him. This is to be found at page 4393 of *Hansard* of June 20, 1951:

> Naturally the governor of the Bank of Canada—

This was just in the course of discussion in committee of supply. There was a running discussion:

> Naturally the governor of the Bank of Canada, the Minister of Finance and his permanent officials operate in very close consultation, and the relationships are very close. The Bank of Canada has certain defined statutory responsibilities which, under the statute creating it, it is obliged to carry out. The government has other responsibilities, and among other things I suppose government policy can inevitably affect the value of currency, and to that extent could negative action which the bank might attempt to take. Frankly,—

Note these words:

> —I did not come prepared this evening to engage in detailed analysis of the relative relationships between the Bank of Canada and the government. I have not the Bank of Canada Act here, but broadly speaking they are parallel responsibilities. The government, of course, if it were not satisfied with the action taken by the governor and the directors of the Bank of Canada, would have to change the management of the bank.

Mr. Martin (Essex East): Hear, hear.

Mr. Pearson: That is responsibility.

Mr. Martin (Essex East): That is the very point you have been ignoring all day.

Mr. Fleming (Eglinton): Isn't this interesting, another interjection from Essex East by the hon. member for Essex East. What is this great power that it is said the government has? We are told it would have to change the management of the bank. Can the government change the management of the bank? It cannot. Yesterday the Leader of the Opposition, as is reported at page 2200 of *Hansard*, recognized that changes can only be made, apart from the effluxion of terms of office, by parliament, not by the government. The government has no power whatsoever, once appointments are made, to change them; only parliament can do that. This is what the Leader of the Opposition said yesterday, as reported at page 2200 of *Hansard*:

> The governor and the directors are appointed by the government. They can be removed only by parliament, it is true.

Mr. Martin (Essex East): Who controls parliament?

Mr. Fleming (Eglinton): The hon. member for Essex East is now trying to deny the statement of his own leader. Surely he will have a little respect for his leader—

Mr. Pearson: Read what the governor of the bank said.

Mr. Fleming (Eglinton): —and not make him look more embarrassed than he is. There we have an offhand comment made by Mr. Abbott in those days saying that he had not come prepared to discuss this subject and he did not have a copy of the Bank of Canada Act before him. It is quite evident that the Leader of the Opposition did not have a copy of the Bank of Canada Act before him when he wrote his speech.

Mr. Pearson: I quoted from it.

Mr. Fleming (Eglinton): The next reference that we heard yesterday in the interesting speech of the Leader of the Opposition was to the testimony of Graham Towers, then governor of the Bank of Canada, before the banking and commerce committee in 1954. I have a very lively recollection of this particular meeting, as I am sure my hon. friend the member for Greenwood (Mr. Macdonnell) has, because we were very interested to probe the view of Mr. Towers in regard to this relationship between the bank and the government.

The Leader of the Opposition made reference to this subject yesterday. I wish to refer to what Mr. Towers said. There are double references here in the two-volume reports. This reference is at page 714 in the two-

volume report, and in the revised one-volume issue it is to be found on pages 25 and 26 of the proceedings of the banking and commerce committee in 1954. This is the statement of Mr. Graham Towers, who was speaking out of years of experience. He had been the governor of the Bank of Canada from the outset, then some 18 years. He said:

> The situation is that parliament has placed squarely on the shoulders of the directors and management of the Bank of Canada the responsibility for monetary policy.

It would be difficult to find a clearer statement than that.

Mr. Pearson: Read on.

Mr. Fleming (Eglinton): I continue:

> It would be of no use for us to come before a committee of this kind—

That was the banking and commerce committee:

> —and say in respect to certain actions which were criticized, we did not like that, but the government wanted us to do it. The proper answer would be; in what act has parliament said that you should do something in the field of monetary policy in which you do not believe? Therefore, we must and do take full responsibility for everything which we have done.

He was there referring to the bank:

> Now, I think myself that the Bank of Canada Act is in this respect of very good act, and better than most, because it is clear. There is no alibi possible for the central bank.

Mr. Speaker, having described the responsibility of the bank in those terms Mr. Graham Towers went on to point out that eventually any change in this system rests with parliament; it has to come back to parliament. I am sure no one will question that the majority in parliament can always alter the legislation, and that is what Mr. Graham Towers proceeded to say.

Mr. Martin (Essex East): Read the whole statement.

Mr. Fleming (Eglinton): He said:

> ... the answer obviously is that the administration of the day, supported by a majority in parliament, can always alter the legislation.

Mr. McIlraith: Mr. Speaker, would the hon. minister permit a question?

An hon. Member: You are out of order.

Mr. Fleming (Eglinton): Having traced the situation on this subject in various countries, comparing countries in which the central bank enjoys independence with countries in which the central bank is in effect a department of government, he said:

> Myself, I think that that is a sort of mongrel arrangement, and the central bank should be either a pure department of government and known to the public as such, or it should have independent responsibility.

What the parliament of Canada has chosen is that the Bank of Canada should have independent responsibility.

Mr. Pearson: Read on what he said.

Mr. McIlraith: Mr. Speaker, I wonder whether the minister would now permit a question on the quotation he has given?

Mr. Fleming (Eglinton): Yes, but I wish to say that if there are any more of these observations and interjections from the Leader of the Opposition or the hon. member for Essex East from their seats in the house, they will be replied to, and suitably. But you see what happens? It is the same old thing. They are very touchy. Yesterday they would not have interruptions. They would not have questions, even when members were asking merely for an explanation. But now, when the shoe is on the other foot, there they sit. They are close to *Hansard*. The Leader of the Opposition gets off these wisecracks. It is debate by wisecrack as far as he is concerned, and then he goes on to lard up the record. If that is the way we are going to have the rules observed, then very well, but they must be evenly applied.

Mr. Pearson: On a point of order. I have had the opportunity of looking at *Hansard*, that is quite true; but I have ascertained from *Hansard* that the minister himself made 24 interruptions when I spoke yesterday in an hour and ten minutes.

Mr. Fleming (Eglinton): I think the Leader of the Opposition, if he is fair, will agree—

Mr. Pearson: Yes, some of them were legitimate.

Mr. Fleming (Eglinton): All right. We will say no more about that, because the Leader of the Opposition did yield the floor on occasion yesterday, as I have always done when the hon. gentleman has sought to ask questions, and I propose to continue to do so. Did the hon. member for Ottawa West (Mr. McIlraith) wish to intervene?

Mr. McIlraith: I wanted to ask a question, but I am afraid we have been diverted. When the minister was quoting from the evidence given to the committee in 1954 he ended his quotation with the words: "There is no alibi possible for the central bank." Does the minister not think it would have been only fair to the house to have quoted the next sentence which has a direct bearing on the point?

Mr. Fleming (Eglinton): I went on to stress twice the point in the next sentence and the next paragraph. I laid great stress on that. If the hon. member for Ottawa West cannot read

this next sentence I shall be glad to read it for him, but it will not go one inch further:

On the other hand, there is no alibi possible for the government, because if government said: well, we disagreed with what the central bank did, but parliament has placed the responsibility on them, so what could we do? The answer obviously is that the administration of the day, supported by a majority in parliament, can always alter the legislation.

I quoted those words, and that is precisely what I said. The administration of the day, supported by a majority in parliament, could always alter the legislation.

Mr. Martin (Essex East): That is not the whole picture, and you know it.

Mr. Fleming (Eglinton): It was the whole picture that Mr. Graham Towers put before the committee. With all respect to the supernatural omniscience of the hon. member for Essex East, I still prefer Mr. Graham Towers speaking with authority on the subject of the Bank of Canada. That will point very clearly to the fact that the government as such has no power to exercise over the Bank of Canada. It rests with parliament. Parliament can always alter the legislation. But short of that, the bank in these matters has the responsibility. That is the effect of the legislation enacted by this parliament as it has been in effect for many years.

Now I proceed to 1956. That was a very interesting time indeed, because there had been a good deal of debate on the subject of tight money, and the government had been holding back on that subject. Finally, on August 10 and 11, the minister of finance of that day was really cornered and we began to elicit from him some statements which have made very interesting reading since. The reference made yesterday to this subject by the Leader of the Opposition was highly selective. He chose to read his extracts from August 11, 1956. He did not choose to deal with what was said on the same subject on August 10, the day before. So I am going to refresh his memory. At page 7351 of *Hansard* of August 10, the hon. member for Dufferin-Simcoe (Mr. Rowe) who at that time was acting leader of the opposition pressed certain questions on the orders of the day, and on his second try he got this statement out of Mr. Harris, then minister of finance. The discussion at that time revolved around an increase made by the bank in the bank rate. Mr. Harris said:

The duty of the Bank of Canada is to regulate the interest rate, which is commonly known as the bank rate. That duty and responsibility is imposed upon the bank and not upon the government, and it has not been customary in the past for any minister of finance to comment on the actions of the bank in discharging its duty. As a matter of fact, however, without admitting some of the opinions or facts that have been stated in the question, I may say that there is a considerable body of opinion in the financial world today that unless action of this kind were taken there might be more serious results than if no action were taken.

Then the minister was pressed further by the present Prime Minister (Mr. Diefenbaker) and he replied:

I answered this question some two months ago by saying that the governor of the Bank of Canada is one of the several advisors to the minister of finance. In this particular matter, however—

That is, the determination of the bank rate.

—he has statutory authority to make his own decisions, that statutory authority having been conferred upon him by parliament. I think it would be correct to say, as I said on the former occasion, that I was advised of this course before it was taken.

Mr. Martin (Essex East): That is the point. He was advised. That is where the responsibility of the government comes in.

Mr. Fleming (Eglinton): I presume that even the hon. member for Essex East may have been advised, too, Mr. Speaker. But he was advised of what the governor of the bank intended to do in exercise of the authority conferred upon him.

Mr. Martin (Essex East): To make sure it was not contrary to government policy.

Mr. Fleming (Eglinton): The babbling brook goes on forever.

Mr. Martin (Essex East): Insults do not enrich your argument. All the hon. gentleman can do is add personal insult. Let him deal with this thing on its merits. The fact is that the governor of the Bank of Canada did seek the advice of those who have final and legitimate responsibility for government in this country.

Mr. Fleming (Eglinton): You see, Mr. Speaker, the hon. member did not rise to ask a question. He did not ask me to yield the floor. He just stood up and proceeded to make a speech. That is an interesting commentary on his conception of the application of the rules of the house. They are binding on 264 members, but this exalted member is above all the rules of the house.

Mr. Chevrier: You should have been around last night to see how well they were observed.

Mr. Fleming (Eglinton): No doubt the same thing happened then. The hon. member has undertaken to say, presumably on his own authority, that the government was consulted and apparently took some responsibility in relation to approval. That is not what his former colleague, the minister of finance, said. The then minister of finance was pointing out that he was acquainted in advance of what the bank was going to do in the exercise of

its own statutory power and responsibility. May I now refresh the failing memory of the hon. member for Essex East because, you see, the hon. member has made another blunder; he has put his foot in it again.

There then followed this question from the present Prime Minister:

Did the minister in any way suggest, having regard to the inflationary tendencies in this country today, that this action should be taken or might be taken by the bank?

To which Mr. Harris replied:

I also answered that question two months ago by saying that this action is the action of the governor of the bank and his responsibility alone.

So, on the facts, you have to make your choice between the hon. member for Essex East, speaking now, some five years after this event with his usual irresponsibility and the minister of finance of that time speaking on August 10, 1956, because the statements made today by the hon. member for Essex East and by the minister of finance in 1956 are completely contradictory.

Mr. Pearson: I was going to ask the minister if he is not aware that, while there is no question about the bank being responsible for policy action, in the evidence to which he has just referred—a part which the hon. gentleman did not read—the statement is made that if action by the bank was in conflict with the policy of the government, the governor would resign.

Mr. Fleming (Eglinton): The Leader of the Opposition has pointed out to us that it is only parliament and not the government that has power in this respect in relation to the resignation of anybody, whether governor or bank directors, but the hon. gentleman is wrong again. I have not finished reading this. It is regrettable that hon. members opposite only read *Hansard* of August 11 and do not look back at August 10. It is a selective habit they have.

As reported at page 7352 of *Hansard* of August 10, the then hon. member for Rosetown-Biggar, Mr. Coldwell, asked this question:

While it is true that the governor of the Bank of Canada makes the final decision in these matters, is it not a fact that the Bank of Canada was established in order that it might control the economy and carry out government policy in that particular? Is it not a fact that was the main reason for its establishment?

Let me interject here, Mr. Speaker, that had those questions been put to the Leader of the Opposition yesterday he would, of course, have answered yes to both questions.

Mr. Pearson: Nonsense.

Mr. Fleming (Eglinton): But observe the answer of Mr. Harris:

I do not think that is a correct interpretation of the statute,—

Mr. Martin (Essex East): That is right.

Mr. Fleming (Eglinton): I continue:

—though anyone can put such an interpretation on it if he so desires. I think the purpose was not only to vest ownership of the bank in the government, as has been done, but to vest in the officials of the bank independent authority—

Mr. Pearson: Under government policy.

Mr. Fleming (Eglinton): He did not say that. He said, "independent authority".

Mr. Pearson: Well, that is obvious.

Mr. Fleming (Eglinton): The Leader of the Opposition has no right whatever to add qualifications to the statement made by the hon. Walter Harris in this house in 1956. Mr. Harris was quite capable of making his own statements and it is not within the right of the Leader of the Opposition or any other hon. member of this house now to qualify or contradict by qualification the plain statement made on that occasion by the then minister of finance.

The discussion proceeded further and the then prime minister, Mr. St. Laurent, was brought into the discussion. The present Minister of Justice (Mr. Fulton) asked this question:

Does the Prime Minister know the reason for the increase in the rate and, if so, does he agree that it is necessary?

The then prime minister, Mr. St. Laurent, replied:

The Prime Minister is not the governor of the Bank of Canada, and while I hope that if he were perhaps the hon. gentleman would have more confidence in his decision than in the decision of the present staff, I can assure the hon. gentleman that the matter received very serious consideration and the government has not decided to recommended to parliament any amendment to the act which places that responsibility on the governor of the Bank of Canada.

Mr. Martin (Essex East): That is right.

Mr. Fleming (Eglinton): Yes, that certainly is right and it completely contradicts the assertions made here yesterday by the Leader of the Opposition and volubly supported from a seated position by the hon. member for Essex East.

Mr. Pearson: Do not be so narrow and legalistic.

Mr. Fleming (Eglinton): The present Prime Minister then directed a question to Mr. St. Laurent in these words:

Will the Prime Minister, having had the reasons from the governor of the Bank of Canada, now give the house the benefit of what those reasons were?

In reply to that question the then prime minister said:

> No, Mr. Speaker, the Prime Minister will not undertake to have parliament or the members of the opposition act as a court of appeal from the decision made by the governor of the Bank of Canada—

Then there were cries of "Oh, oh," and the then prime minister added:

> —unless and until parliament amends the act which now governs the Bank of Canada.

Mr. Speaker, it is too bad that hon. members opposite have sought in this debate to pull the rug out from under the feet of Mr. St. Laurent, but Mr. St. Laurent's statement is there on the record. It is clear, it is incontestable and it stands as a statement of the effect and meaning and proper construction of the provisions of the Bank of Canada Act. It is not open to challenge by any hon. member opposite.

Mr. Pearson: It has been challenged by the Minister of Finance.

Mr. Fleming (Eglinton): No, not at all, Mr. Speaker. Mr. St. Laurent was plainly saying what I have contended in this respect and was also contradicting in the plainest terms the kind of specious but utterly empty and inane arguments put forward yesterday by the Leader of the Opposition.

The Leader of the Opposition referred yesterday to the debate which proceeded on August 11 and quoted a statement which I made in that debate. Let me make it very clear that if I had ever foreseen at that time that my remark was going to be wrenched and distorted in the way in which the Leader of the Opposition has sought to bend it out of recognition to serve his argument yesterday, it would never have been said in those terms.

I made my statement with reference to over-all financial policy in Canada. I do not think there is anything in that statement which ought to be interpreted as supporting the thesis put forward by the Leader of the Opposition yesterday that under the provisions enacted by parliament with respect to the Bank of Canada Act, the government has power to direct the Bank of Canada or to call upon the Bank of Canada to observe a position of responsibility to the government as such, rather than to parliament. The Bank of Canada, of course, has its responsibility to parliament.

Mr. Pearson: Read the speech.

Mr. Fleming (Eglinton): I have dwelt on that subject at some length. It was read yesterday by the Leader of the Opposition and referred to again today and I have made my own comment on it in what I think are plain and understandable terms.

[Mr. Fleming (Eglinton).]

From the time Mr. St. Laurent made his comment on the effect of the language of the act in 1956 until the present, the situation has not altered. The act has not been amended. Parliament has not seen fit to amend the provisions of the act and the matter stands there in the position in which Mr. St. Laurent described it in 1956. It is the legislation enacted by parliament that governs the relationships in this matter.

Mr. Martin (Essex East): Will my hon. friend permit a question?

Mr. Fleming (Eglinton): I refer, of course to the relationships between parliament, the government and the Bank of Canada. The decisions that are made in this situation are those of the governor and those of the bank and are not those of the government.

Mr. Martin (Essex East): Will my hon. friend permit a question?

Mr. Fleming (Eglinton): Yes, now.

Mr. Martin (Essex East): I am seriously trying—

Mr. Fleming (Eglinton): Let us have the question.

Mr. Martin (Essex East): —to arrive at my hon. friend's position and to fully understand it. Does the hon. gentleman agree with the statement that was made by one of his own predecessors, Mr. Ilsley, who when speaking of a possible disagreement between the bank and the government said in this house in 1941 that in the event of a disagreement between the Bank of Canada and the government:

> —it would be necessary for them—

That is, the bank. I continue:

> —to resign, and they would be replaced by others who were willing to accept the responsibility for the type of policy which the government believed to be appropriate.

Does my hon. friend agree with that statement made by a former distinguished minister of finance?

Mr. Fleming (Eglinton): No, no, not in those terms. Not at all.

Mr. Pearson: We do.

Mr. Martin (Essex East): That is the issue.

Mr. Fleming (Eglinton): Unless, in the event of disagreement, the governor and the directors chose to resign there is nothing the government is in a position to do in that situation except to ask parliament to change the legislation or wait for the expiry of their terms because, as the Leader of the Opposition said yesterday, referring to the governor

and the directors—I repeat once more—"they can be removed only by parliament." That was a direct statement.

Mr. Pearson: Would the hon. gentleman permit a question? This is a very critical and important matter. I would ask the minister, then, in this situation, does he believe the governor of the bank can do or say what he likes in this field and that the government can do nothing about it?

Mr. Fleming (Eglinton): Let us take the extreme case of a headlong clash, Mr. Speaker. In a situation of that nature the government would have no power whatever to terminate the terms of office of the directors or the governor. In that situation all it could do would be to go to parliament, as the Leader of the Opposition said yesterday in effect. That is all it could do. The government has not been given by parliament any power or authority over the bank or its senior officials or directors in that situation.

Let me now make some comments on the subject of money supply. Here again, the Leader of the Opposition drew a very long bow. Money supply consists of the total of issued currency and chartered bank deposits. May I remind the house of those words which I read from the Bank of Canada Act, that the bank has the sole right to issue notes payable to bearer on demand and intended for circulation in Canada. That is the effect of section 21. Nothing could be plainer. Parliament has emphasized that the Bank of Canada has the sole right in this matter. The bank alone determines what currency shall be issued and in this respect the legislative position is just as it was under the former Liberal administration.

The government has no voice whatever in this matter of money supply. Consequently, in whatever the Leader of the Opposition had to say yesterday by way of criticism in relation to money supply, those are matters over which the government has no control and whether or not the hon. gentleman realizes it—I think he must realize it—his criticisms were directed at the Bank of Canada and not at the government. The government has no power to add to or subtract from or change this money supply or currency that the Bank of Canada is given the sole power to create.

The Leader of the Opposition (Mr. Pearson) had something to say yesterday about the increase in money supply from April to October, 1958. I am not going to dwell on this subject but his criticism, if valid, was quite misdirected. He said that the increase in money supply during that period was the largest monetary expansion since world war II. It was in fact $1.4 billion not adjusted for seasonal factors. The increase for the whole year 1958, that is, from the end of December, 1957, to the end of December, 1958, was $1.324 billion or 11.1 per cent. It is customary, Mr. Speaker, to measure the increase by comparison of dates a year apart.

The Leader of the Opposition then went on to attribute to the government's debt management policies all of this increase in money supply and he said it was "too large for the needs and stability of the economy". May I remind you, Mr. Speaker, that between the end of December, 1954, and the end of December, 1955, when he was a minister of the government, the money supply was increased by 10.5 per cent despite the lack of any comparable conversion loan and, indeed, in the face of a net retirement of government bonds of over $300 million. But I realize, Mr. Speaker, that the interesting occurrence, which I should like to put alongside what the Leader of the Opposition said yesterday, took place before Mr. Harris denied responsibility for monetary policy.

The Leader of the Opposition also referred to the reduction of $300 million in money supply between October, 1958, and May, 1960, as "more severe than in 1956". He then spoke of the money supply from April, 1960, to August, 1960, only four months, as having been kept "almost stable". The fact is that it increased $117 million in those four months.

As to the adequacy of money supply, Mr. Speaker, the house will have to be the judge of that. For the information of the house on this point I simply draw attention to the extent of increase in money supply at the end of 1960 compared with the end of 1959. Here I give the extent of increase or decrease in various countries taking the money supply at the end of 1959 as 100:

United States	99
United Kingdom	99
Sweden	104
Australia	104
Canada	105
Germany	107
The Netherlands	107
Switzerland	109

At December 31, 1960, the money supply in Canada was substantially larger than it had ever been before. I will just give the figures at the year end in the following years:

Year	Millions of Dollars
1953	9,789
1954	10,314
1955	11,397
1956	11,438
1957	11,923
1958	13,247
1959	13,193
1960	13,914

The figure at December 31, 1960, is by far the largest on record and it is 5.5 per cent higher than the corresponding figure at the end of 1959.

Yesterday the Leader of the Opposition made complaint about the striking of the bank rate.

Mr. McIlraith: Before the minister leaves these figures, I think he said that the figure at the end of December, 1960, was by far the largest. I take it he meant the largest compared with the same date in the previous year.

Mr. Fleming (Eglinton): Oh, it is away higher than any previous date. The money supply moved up steadily in the second half of 1960.

Mr. McIlraith: It was higher a month earlier, for instance.

Mr. Fleming (Eglinton): There are bound to be fluctuations from week to week.

Mr. McIlraith: What I wanted to get was that the minister's figures were all based on comparable dates in previous years.

Mr. Fleming (Eglinton): Yes, and if the hon. member will compare the November, 1960, figure with the November, 1959, figure he will find a similar increase over the 1959 figure.

Yesterday the Leader of the Opposition talked about the bank rate. Again, Mr. Speaker, I emphasize that the determination of the bank rate is the responsibility of the Bank of Canada. The government has nothing whatever to do with it, and that was recognized by Mr. Harris. I give the reference, 1956 *Hansard*, page 7351.

It was on November 1, 1956, that the Bank of Canada adopted what has come to be known as the floating rate. It was a decision of the Bank of Canada and the Leader of the Opposition has criticized that decision. He criticized it in the face of the very plain terms of section 18, subsection 3, of the Bank of Canada Act. I quote:

> The Bank shall at all times make public the minimum rate at which it is prepared to make loans or advances.

Mr. Harris said in the reference I have just made that it is the bank that determines the bank rate. The government has no control whatever over the rate that the bank sets or over the method it chooses by which to set this rate. If the Leader of the Opposition disapproved of this so-called floating rate, the rate attached by decision of the Bank of Canada to the 91-day treasury bill rate, then he had something like eight months in office to do something about it and he did not do anything about it. It was in his day as a minister that this floating rate was adopted by the Bank of Canada.

I say that the government has no power whatsoever to interfere with the action of the bank in determining this rate or in choosing the method by which it shall determine the rate.

The Leader of the Opposition chose yesterday to make reference to what happened on August 20, 1959, and he described it as an interference with monetary policy on my part. That statement will bear some examination, Mr. Speaker. Here are the words of the Leader of the Opposition as found on page 2202 of *Hansard*:

> After all, the minister and the government did not hesitate to interfere with the operations of monetary policy by the bank, so they should not attempt to evade responsibility for policy—

When this fell on my astounded ears I asked:

> Mr. Speaker, to what is the Leader of the Opposition referring?

He then said:

> I am thinking of the intervention of the government in the bank auction of treasury bills some time ago, which had an influence on the rate on treasury bills. The minister knows all about it. He knows all about the cabinet meeting which was held and the auction being postponed an hour or two so the government could make up its mind what to do.

It is on this statement that the Leader of the Opposition accuses the government and accuses me of interfering with the operations of monetary policy by the bank. I give to his assertion, Mr. Speaker, an unqualified contradiction. There was on that occasion not the slightest interference with the bank's monetary policy. Since this government came into office there has never been the slightest interference with the bank's monetary policy.

What happened on August 20, 1959, was that a decision was taken, and I take full responsibility for it, that the government would not sell all of the treasury bills for which it had invited tenders on that particular Thursday because I thought that the prices being offered were unsuitable. In effect, the discount that was applied at that time was, I thought, too high, and I was not prepared under those circumstances to have the government of Canada pay that high a price for 91-day treasury bill money. It was a decision in relation to the price the government was prepared to pay on its own borrowings on the 91-day treasury bills. That is what it was. It was not done with a view to affecting the bank rate at all. It was not, as the Leader of the Opposition says, an interference with monetary policy. It was open to the bank at that time to strike the rate at anything it decided upon. It was open to the bank to detach its rate from the

treasury bill rate. The purpose of this decision, which I made over in the Bank of Canada office when we saw what the bids were, was in relation to the price on these treasury bills. That was its entire purpose. Whatever bearing this may have had on the Bank of Canada rate for that week was entirely incidental; that was something that the Bank of Canada could set or change in any way it chose. There was on that occasion, and on all other occasions, no interference with the bank or with the bank rate.

Mr. Speaker, one could go on dealing with this subject and others related to it at some considerable length, but it seems to me that the essential issue here is this question of responsibility. Therefore I will pass over some intervening remarks that I had intended to make and take up what the Leader of the Opposition undertook to say about the interest rates. Here he was much less definite; much less effusive than he was in his unfounded assertions about the responsibility in relation to decisions of the Bank of Canada within the scope of monetary policy. He was seeking evidently to argue that the government in some way had raised interest rates. I wish again to make firm contradiction of any such statement. As long as the present government is in office you may be sure it is not going to pay one cent more interest on the moneys that it has to borrow than is strictly necessary. Interest rates are determined in this country—in this free economy —in the light of thousands of transactions. It is a matter of the operation of the forces of supply and demand within quite limited statutory restrictions. The situation in this regard is precisely the same as it was when the former government was in office.

If there has been a fluctuation in the interest rates, Mr. Speaker, I can only say that interest rates are constantly fluctuating; they had risen steadily for two years before we came into office. The rise was substantial, and the consequent drop in market values of issued bonds was very great. There were quoted reductions in values of 14 and 15 points before the former government went out of office. Interest rates declined following the summer of 1957 and they rose beginning in the summer of 1958. There was a rise until the autumn of 1959. After a period of stability they then began to decline again. This is the sort of thing that is going on in the markets of this continent. This also depends on the influence of the bond market in New York.

Now lest the impression be created in the minds of some hon. members that the government has brought about high interest rates let me point out that interest rates in this country, while they are higher than the government would like to see on borrowings that it has to make, are lower than the interest rates in the United Kingdom and have been close to the 1960 rates of interest in the United States, that country which is the largest reservoir of capital in the world and whose rates traditionally are lower than the interest rates in Canada. Let me just run quickly over some figures, Mr. Speaker, in respect of the 91-day treasury bill rates in Canada. Let us take the last three quarters of 1960 and compare them with the last three quarters of 1960 in respect of the United Kingdom.

Mr. Pearson: And the United States.

Mr. Fleming (Eglinton): All right, I will read right across the page, and the figures will be in this order; Canada, U.S.A., and the U.K.

For the second quarter of 1960; Canada, 3.05; U.S.A., 3.09; U.K., 4.70. For the third quarter: Canada, 2.53; U.S.A., 2.39; U.K., 5.56. For the fourth quarter: Canada, 3.23; U.S.A., 2.36; U.K., 4.85. Those are treasury bill rates. The house is aware that treasury bill rates in Canada have declined since then.

Let us now take the quarterly averages of comparison of the long term interest rates, and again I will take just the last three quarters of 1960. Using the same order, the second quarter: Canada, 5.15; U.S.A., 4.11; U.K., 5.41. For the third quarter: Canada, 4.81; U.S.A., 3.82; U.K., 5.57. For the fourth quarter: Canada, 5.04; U.S.A., 3.90; U.K., 5.53.

Mr. Speaker, the Leader of the Opposition yesterday talked about the loss of confidence in the bond market. If confidence has not been lost in the value of government of Canada bonds it is not because the statements of the Leader of the Opposition have contributed anything to the confidence in this country. His effort in this respect has been destructive at all times, and I include what he said in respect of this subject yesterday. Surely the best test of whether there is confidence in the markets of Canada is to look at the figures of the public's holdings of Canada bonds. I could give the figures for some distance back but let me begin with those for 1959. I am giving these by quarters in respect of the general public holdings of government of Canada direct and guaranteed securities. For 1959, March 31, $9,499 million; June 30, $9,934 million; September 30, $10,132 million; December 31, $10,725 million. The same figures for 1960 beginning with March 31, $10,971 million; June 30, $10,800 million; September 30, $10,466 million; and December 31, $11,079 million, an all-time high. There

is the answer to the Leader of the Opposition when he talks about loss of confidence in Canada bonds.

Let us look at the recent results. Even since December 20 when the supplementary budget sought to direct Canadians to do more of their borrowing in Canada, what has been the result? The fact is that provinces, municipalities and business have floated issues in the first six weeks of the year, or a little less, aggregating $200 million. The government of Canada put out an issue of $150 million, and none of this financing was done in New York. Has there been any disturbance in the interest rates in Canada in 1961, Mr. Speaker? No, there has not. The Canadian market has absorbed these issues and the market is even a little stronger today, and interest rates are a trifle lower than they were in the beginning of 1961, or on the date of the supplementary budget, being December 20, 1960.

After all this, the Leader of the Opposition yesterday expressed pious regret that the Bank of Canada has become, as he described it, the centre of the present controversy. Here are his words as found at page 2206 of *Hansard*:

> It is most regrettable indeed that the Bank of Canada has become the centre of the present controversy—

Then he went on to say that it would weaken the prestige of an essential institution. I ask the Leader of the Opposition what he has done to prevent a weakening of the prestige of the Bank of Canada by bringing it into the centre of controversy? Is this any constructive contribution to understanding, fair play and fair judgement?

Then he had something to say on debt management. Debt management is an extremely important subject. It is a factor that is of importance to every person in Canada, no matter what may be his walk of life. This is clearly an area in which the government is responsible, as I have said on many occasions.

The Leader of the Opposition went on to charge that monetary policy has been subordinated in order to serve the interests of debt management. I do not believe that the Bank of Canada has subordinated monetary policy, which is its field, in order to serve the interests of debt management. As I have said, there has been no interference with monetary policy. Monetary policy can never operate in a modern country without regard to debt management policy. This government has applied definite, constructive and beneficial debt management policies. We certainly needed to do so because when we came into office we were bequeathed a doubtful legacy of debt with an extremely short term to it.

[Mr. Fleming (Eglinton).]

When we came into office the average term of Canada's debt was slightly over six years. Here are the figures. At June 30, 1957, in terms of general public holdings of direct and guaranteed securities, excluding Canada savings bonds and perpetuals, the average term to maturity was six years and eleven months; and in terms of government of Canada, direct and guaranted issues, excluding non-market issues and perpetuals, the average term to maturity of the outstanding holdings at June 30, 1957, was six years and two months. However, we went to work with a view to correcting this unsatisfactory situation which, under some circumstances, could even become dangerous. Our efforts to this end were made necessary as well as desirable by the condition which we inherited. When the Leader of the Opposition talks about timing, I think he had better go and examine in this respect his own nest that he bequeathed to us.

I do not think it would be profitable, Mr. Speaker, to go over the whole story again in reference to the conversion loan. I went into the history of the conversion loan at, I regret to say, considerable length in speaking in this house on April 28, 1959. My review of the conversion loan and the benefits which it brought begins at page 3113 of *Hansard* of that date and continues. Just to summarize it rather than to repeat, may I say that in that operation five outstanding victory loans that were overhanging the market and involving maturities that were going to begin the following year —the year after the conversion loan, in 1958—and aggregating $6,416,000,000, were the subject of the conversion loan. So great was the success of this most important and largest of all Canadian government financing operations that 90 per cent of those outstanding issues were converted and the result was a substantial contribution to stabilization of the bond market.

We completed this tremendous conversion undertaking none too soon because the market suffered on this continent a continued weakness running into the autumn and to the end of 1958; that weakness stemmed from New York. It was a great weakness in the New York market. Canada was not immune from it. Canada could not, in the nature of things, be immune from it. When the Leader of the Opposition attempts to attribute to the conversion loan the weakness that occurred in the markets on this continent in the autumn of 1958 his statement is fantastic nonsense. Is the Canadian government to be held responsible for a great weakness that developed in the New York bond market through the summer and particularly in the autumn of 1958?

When those crocodile tears course down his furrowed cheeks, Mr. Speaker, let us remember that everyone who converted his bonds not only obtained the advantage of a higher interest rate, the result of his own free decision in relation to conversion, but he also obtained the benefit of better market quotations on the new conversion bonds. Those bonds, with scarcely an exception at any subsequent time, were quoted at higher prices than were the victory loan bonds that were left outstanding in the hands of the owners.

The Leader of the Opposition, Mr. Speaker, has dredged up something that occurred three years ago, namely a great undertaking which he praised in generous terms in this house when it was announced in the summer of 1958. I was extremely grateful to him for the constructive statement he made on that occasion; it was a patriotic statement. It was just about the last constructive statement the Leader of the Opposition has made in this house.

Mr. Pearson: That was before we knew how the minister was going to mess it up.

Mr. Fleming (Eglinton): No. It was not messed up. It was a great success.

The Leader of the Opposition yesterday talked about experts but he could not find any experts to quote. There are many experts in this field, people of acknowledged authority, who praised this operation and who in various countries expressed envy of the great and beneficial results of this enterprise in Canada.

Mr. Pearson: How many has the minister quoted?

Mr. Fleming (Eglinton): When the Leader of the Opposition says as he did yesterday, that the conversion of the ninth victory loan cost hundreds of millions of dollars, he is talking plain nonsense. If any conversion loan was to be undertaken at all, it was absolutely essential that it should cover all five victory loan issues. It would not have been an adequate undertaking otherwise; it would have been a piecemeal undertaking. What is more, it would have not been equitable, efficient or economical. It would have been simply a piecemeal approach at very great cost to have simply converted the first two of those five victory loans. What is more, in the light of what happened in the bond market afterwards on this continent as a result of weakness in New York, Mr. Speaker, there would have been heavy increases in the interest costs to be met if we had not brought about that conversion and if we had allowed those victory loans to run to maturity and had then faced the problem of conversion. This was a farsighted and courageous attempt to meet the problem and it resulted in great benefits to Canada and in terms of debt management.

Let me set alongside those figures I gave earlier as to the average length of debt to maturity what was the situation after this conversion loan had been carried out. Whereas with respect to general public holdings at June 30, 1957, the average term was six years and eleven months, at September 30, 1958 it had risen to 14 years and nine months. In respect of outstanding government of Canada, direct and guaranteed securities, excluding non-market issues and perpetuals, the comparisons are as follows. At June 30, 1957, the average term to maturity was six years and two months; at September 30, 1958, it was ten years and six months. Is it any wonder that this great undertaking won praise in other countries which were envious of the tremendous improvement that had been brought about in our debt position in Canada?

The Leader of the Opposition, yesterday undertook to say something about the unemployment insurance fund, and he said some really weird things in this regard. He said in effect that when the conversion loan was undertaken, not only should the investment committee, operating under the Unemployment Insurance Act, not have converted but it should have turned everything into a virtually liquid position. Ninety-one day treasury bills; this was his theme. He said they should have looked far forward and seen that there would be heavy drains upon the unemployment insurance fund which would have to be met in cash.

It is too bad that these hon. gentlemen, when they were in office, did not have the prescience that they expect of others who follow them. The fact is that the illiquid position of the fund was not new. It merely reflected a continuation of the policy instituted several years earlier under the previous government.

Mr. Pearson: But there was no drain on the fund.

Mr. Fleming (Eglinton): For the fund to obtain liquidity to the extent of one half of its holdings, as the Leader of the Opposition urged yesterday, would have required a forward view of continual high levels of unemployment which it would have been hard to justify in the summer of 1958 and would have involved the sacrifice of interest earnings on bonds that the unemployment insurance commission chose to hold and to acquire.

The fund did in fact convert the Canada victory loan bonds that it held, but it did not take the longest maturity of the new bond; it took the shortest maturity available

to it. To suggest it should have sold all its victory bonds at the time of conversion surely implies support of the market by the Bank of Canada of the most massive kind.

The Leader of the Opposition apparently now thinks there should not have been a conversion. If there had not been any conversion and the fund had held its victory loan bonds, selling them when it needed, it would have suffered greater loss than indeed it did experience in selling its conversion bonds.

Mr. Martin (Essex East): Not if they had sold them between July and October.

Mr. Fleming (Eglinton): Yes, should they have been able to look two years ahead and know exactly what was going to happen? If the hon. member for Essex East had been able to claim that kind of prescience I am quite sure he must have made a fortune at that time. If he could have seen what was going to happen two years ahead in the market he would have been the richest man in Canada today, as rich as Croesus.

Mr. Martin (Essex East): Would the hon. minister permit a question? Does the minister agree that if the investment committee had permitted the sale of its securities between July and October, because the government guaranteed those bonds at par, at their full original value, they would not have lost as they did when they were forced into conversion?

Mr. Fleming (Eglinton): It would have been a most improvident act by any proper standard for the unemployment insurance committee at that time to have sold out, without knowledge that would have needed the hindsight that the hon. member for Essex East enjoys so much today. It would have been improvident for it under the existing circumstances to have sold those bonds and denied itself the benefit of the higher interest yields that were available to it on the bonds. And in selling, it would have sent the market crashing.

You could not put holdings on the market for sale as massive as those of the unemployment insurance commission at that time without shaking the market to its foundations. That is the kind of policy, Mr. Speaker, that these authorities on the other side of the house are putting before us today as the one the unemployment insurance commission should have followed at that time. This is a most fatuous assertion and contention on the part of the official opposition.

The fact is that since October, 1958, the monthly average prices of victory loan bonds in the hands of the holders, those that remain, have been below those of the conversion bonds for all but seven months in this whole period. The figure used yesterday by the Leader of the Opposition would assume that the fund would have liquidated back in 1958 not only its holdings of victory loan bonds but indeed all its holdings. He would in effect have asked the unemployment insurance commission to wreck the market by liquidation at that time of huge holdings that the bond market could not possibly absorb.

He would have destroyed the bond holdings of holders of Canada bonds to the extent of probably scores and scores of millions of dollars. That is what the Leader of the Opposition and the hon. member for Essex East say the unemployment insurance commission should have done; they say the unemployment insurance commission should have embarked on the liquidation of bond holdings running between $500 million and $1 billion at the time.

Can you imagine, Mr. Speaker, anything more utterly destructive to the bond market and to public confidence? The Canadian people will have reason to be thankful that the affairs of this country were not in those days, or since, in the hands of such utterly irresponsible people.

Mr. Pearson: A $70 million dollar loss.

Mr. Fleming (Eglinton): I would have thought—

Mr. Martin (Essex East): The most serious violation of a trust fund in Canada's history, and you know it.

Mr. Fleming (Eglinton): —the greatest mismanagement that could have occurred is the one suggested by the hon. member for Essex East in his utterly irresponsible way, when he concurred with the Leader of the Opposition who, if he does not know better himself, at least has advice available to him to guide him in these matters. I refer him to the former president of the Liberal association of Canada. He certainly would not have told him it would have been a responsible act for the unemployment insurance commission to attempt to liquidate between $500 million and $1 billion of Canada bonds that it held in 1958, throwing them on the market and wrecking the values of the bond holdings of other Canadians.

Mr. Pearson: Why did you force them to sell?

Mr. Fleming (Eglinton): Nothing could be more utterly shameful than a suggestion of that kind. How can anything be more utterly irresponsible than a proposal of that kind? I would think the hon. member for Essex East would want to hang his head after advocating anything as damaging and harmful to Canadian bonds as that.

An hon. Member: Oh, oh.

Mr. Fleming (Eglinton): Evidently you have not appreciated the utter folly of what was proposed yesterday by the hon. gentleman. Mr. Speaker, I had hoped to conclude my remarks long before this. I will say in this belated conclusion that we have had a most interesting kind of contradiction on the part of the official opposition.

Yesterday the Leader of the Opposition delivered what, having regard to the responsibilities, was quite clearly an attack on the governor of the Bank of Canada.

Mr. Pearson: Mr. Speaker, on a point of order, the minister has no right to say that. I delivered no attack on the governor of the Bank of Canada. I delivered an attack on the government because of its irresponsible attitude in this matter. They abdicated their responsibility in this matter. I did not attack the governor of the Bank of Canada.

Mr. Bell (Carleton): That is not a point of order.

Mr. Fleming (Eglinton): That, in the mind of the Leader of the Opposition, is supposed to be a point of order, a point of privilege. It is just an abuse of the rules of the house, Mr. Speaker, but the Leader of the Opposition—

An hon. Member: You are an expert on that.

Mr. Fleming (Eglinton): But I still feel toward the Leader of the Opposition the respect that a former student owes to his professor,—

Mr. Pearson: I thought that would come in.

Mr. Fleming (Eglinton): —a respect which lingers. I recall what a good lecturer he was in history, even though economics never came within the scope of his learning.

I do not say this was a personal attack on the governor of the bank, but it was an attack upon the policy of the bank, upon the policy followed by the governor of the bank—

Mr. Pearson: It was not.

Mr. Fleming (Eglinton): —because the policy he was condemning and criticizing so strongly yesterday is the policy of the bank and of the governor of the bank.

Mr. Martin (Essex East): You accept the policy.

Mr. Fleming (Eglinton): I put that alongside what was said in this house by his deskmate, the hon. member for Laurier (Mr. Chevrier) on December 8 last as reported at page 609 of *Hansard*. The hon. member for Laurier rose to ask me a question in these words:

> May I direct a question to the Minister of Finance, and ask whether in view of the statement made by several economists of Canadian universities concerning the governor of the Bank of Canada, as headlined in this morning's press, the minister proposes to make a statement expressing confidence in the management of the bank.

The hon. member for Laurier thought the management of the bank was entitled to an expression of confidence. The Leader of the Opposition yesterday attacked hip and thigh the policy of the Bank of Canada, which is the governor's sole responsibility. So I say that here we have two deskmates—

Mr. Pearson: Don't crawl out from under.

Mr. Fleming (Eglinton): —who are apparently completely at loggerheads. It is a great pity that they cannot get their heads together.

Now we have before us an amendment by the official opposition which attempts to put on the record of parliament something which is a denial of the facts. It attempts to say that the government of Canada, regardless of the fact that parliament has legislated otherwise, is responsible for monetary policy in Canada. It has been the decision of parliament from the outset, when this bank was set up, that monetary policy should be the responsibility of the Bank of Canada and that the government cannot interfere in the bank's management of monetary policy. Therefore, this Liberal amendment invites parliament to contradict itself, and I am sure the House of Commons has no intention of doing so.

I think the subamendment introduced this afternoon by the hon. member for Skeena (Mr. Howard) merits only one very brief comment. It asks the house to add to this contradictory thesis expressed in the Liberal amendment a further expression of regret that the lack of constructive government planning with regard to monetary and debt policies has resulted in the deepening of the unemployment crisis. It has not resulted in any deepening of the unemployment crisis. The government has followed a consistent and proper course in this matter. It has recognized that parliament has already legislated in this matter of responsibility concerning the management of monetary policy. This government does not place itself above parliament. It recognizes its responsibility to parliament. This kind of amendment could emanate only from those who still retain the imprint of that government which went out of office in June 1957, because it had lost all sense of responsibility to the sovereign House of Commons.

Mr. G. J. McIlraith (Ottawa West): The house has just listened for almost two hours to the Minister of Finance (Mr. Fleming) dealing with the amendment to his supply motion, an amendment which reads, in part:

Government Monetary Policy

The house regrets the refusal of the government to accept and discharge its proper responsibility in the field of monetary policy and its demonstrable incompetence to manage the public debt in the interests of the Canadian people.

If any proof were needed of the timeliness and validity of this amendment it is to be found in the speech which the Minister of Finance has made this afternoon. The hon. gentleman chose for 20 minutes of the time taken by him to avoid discussing the subject altogether and to point out that the opposition should have chosen another subject for discussion. Throughout the rest of the time allocated to him—and the hon. gentleman has no time limit to observe, while the rest of us are left with a limitation which is somewhat severe at times—

Mr. Hamilton (Notre Dame de Grace): Your limitations are not only those of time.

Mr. McIlraith: I appreciate the bright remarks of the Postmaster General but I am sure the subject is of no interest to him. Perhaps he could allow those who are concerned about it to debate it. Hon. members on the other side may differ from my conclusions, and others may agree with them, but I am entitled to make them and, surely, the Postmaster General could discharge his duty as a minister of the crown in a better manner than by making remarks and interjections of that kind.

The point I was making is that even if there were no confusion in the public mind about the government's responsibility in the field of monetary policy in the past, there is now because of the hon. gentleman's pronouncements this afternoon. I take it to be implicit in the minister's speech that the government does have a responsibility for fiscal policy. I think that is common ground between us. I take it, also, that the hon. gentleman admits that the government has responsibility in the field of debt management. That, also, is common ground. I take it that it is only when we get to the area of monetary policy that we differ. The minister says that has been given to the Bank of Canada, and that the government no longer has responsibility over it. It is on that point that we differ, and differ very sharply.

Mr. Winch: Who has responsibility, then?

Mr. McIlraith: The government did, and the government still has responsibility over monetary policy. It is unthinkable that any government of any sovereign nation should not have responsibility for monetary policy and it was never suggested otherwise until the present minister was made Minister of Finance. Then he changed his views on the matter and advanced the theory he outlined this afternoon. In the few minutes I have left to me in which to deal with this question I intend to quote briefly what some of our ministers of finance have had to say on the subject. In 1936, Mr. Dunning, dealing with the Bank of Canada legislation, had this to say as reported on page 3262 of *Hansard* of that year:

The bank may and should resist temporary gusts of public fancy, but in the long run it must show responsiveness to public opinion. In the long run, the bank in the performance of a vital sovereign function must be responsible to the sovereign will expressed through government. There cannot be two sovereigns in a single state.

That was the position taken in the debate in 1936. Then we come to the discussion of this subject in 1941. Mr. Ilsley, on June 13 of that year, had something to say on the subject and I quote him from page 3936 from the *Hansard* of that date. I should like to quote at greater length but hon. members will forgive me if I quote only parts of what was said. I will give the page reference in each case so that members can read further if they wish. On June 13, 1941 Mr. Ilsley said:

The point which I would like to emphasize is that the responsibility with which the governor and board have been charged by parliament does not in any way relieve the government of responsibility for the monetary policy being pursued by the bank, nor in any way militate against public control of monetary policy. The monetary policy which the bank carries out from time to time must be the government's monetary policy, but the government must leave the carrying out of that policy—

Note that—"the carrying out of that policy".

—the choice of ways and means of executing it, to the management of the bank in whose judgment it has confidence.

If the government is satisfied with the policy which is being pursued, there is obviously no quarrel between it and the bank. Let us suppose, however, that the management of the bank and the government do not see eye to eye in the matter of monetary policy. Let us assume that after the usual careful consideration of the pros and cons, a serious difference of opinion remains. In such a case there can be no question whatever as to the outcome of the dispute. The government's views will prevail.

Mr. Pearson: Here it is. That is the difference. That is responsibility.

Mr. McIlraith: The views of Mr. Abbott will be found on page 4393 of *Hansard* of June 20, 1951. After a question had been pressed upon him, Mr. Abbott replied:

The government, of course, if it were not satisfied with the action taken by the governor and the directors of the Bank of Canada, would have to change the management of the bank.

After an interjection of the word "yes" by Mr. Low, Mr. Abbott concluded:

So that I suppose it is fair to assume that the ultimate responsibility must fall upon the government.

The minister referred to the questioning of the then governor of the Bank of Canada, Mr. Graham Towers, in the banking and commerce committee in 1954. I refer hon. gentlemen to pages 714 and 715 of the unrevised committee reports of March 18, 1954. On that occasion the governor of the bank dealt with this subject. Hon. gentlemen will recall that the minister quoted part of this and that I asked the minister a question about it. He had stopped at a certain point in the quotation and I asked him to read the subsequent lines. The portion of the statement I requested the minister to read is as follows:

> On the other hand, there is no alibi possible for the government, because if government said, well, we disagreed with what the central bank did, but parliament has placed the responsibility on them, so what could we do? The answer obviously is that the administration of the day, supported by a majority in parliament, can always alter the legislation. In fact, I doubt whether a disagreement would ever necessitate such a thing, because there are various ways and means by which directors and management can be got rid of. I am sure that in the case of a serious disagreement that is what would take place.

Mr. Towers then went on to elaborate on that subject. Under examination by the present Minister of Finance, who was then the private hon. member for Eglinton and a member of the official opposition, Mr. Towers made it perfectly clear that the government had the ultimate responsibility and that if there were a disagreement, the governor of the Bank of Canada would have to resign. That is perfectly clear.

Mr. Pearson: He has changed his mind now.

Mr. McIlraith: The minister then made reference on this point to a statement made by Mr. Harris, I believe on June 10, 1956.

Mr. Fleming (Eglinton): August.

Mr. McIlraith: The minister quoted from *Hansard* of that date. I wish to point out one or two features of the question and answer period on the orders of the day of August 10, 1956 to which the minister made reference earlier. One feature is that Mr. Harris made it very clear that he was advised of the action taken. The then prime minister went on to make it clear that the government of the day had complete confidence in what was done. The government was in accord with it. There was no confusion about a possible difference of view.

I am not certain if the Minister of Finance quoted the following statement made by the then prime minister as found at page 7352 of *Hansard* of August 10, 1956 in answer to one of the many questions that arose on that occasion:

> —I can assure the hon. gentleman that the matter received very serious consideration and the government has not decided to recommend to parliament any amendment to the act which places that responsibility on the governor of the Bank of Canada.

It was made clear in that question and answer period that the issue that was being dealt with was that the action should be taken through the Bank of Canada. I do not think anyone has contested that. I have re-read that debate very carefully today. As I read it there was no suggestion that the government could abdicate its responsibility in the field.

It is interesting that at the conclusion of the question and answer period—and I remember the occasion well because there was some heat generated in that period—

Mr. More: Mr. Speaker, would the hon. member permit a question?

Mr. McIlraith: No. I have only 17 minutes left. If the hon. member would like to direct his question to me when I conclude my remarks I will be happy to deal with it.

Mr. Bell (Carleton): That is a good way of not dealing with it.

Mr. McIlraith: I am really perfectly happy to accept the hon. member's question but I have only 17 minutes left at my disposal. In that time I want to develop my argument as best I can. I will be quite happy to deal with questions at the conclusion of my remarks.

I was about to point out that at the conclusion of the question and answer period the request was made that the then minister of finance deal with this subject on his estimates next day. The next day, on his estimates, the minister did deal with the subject at some length. He made it abundantly clear that the government did have the responsibility, and spoke also of the government's agreement with the decision taken by the bank. The references to this matter will be found mainly at page 7457 of *Hansard* of August 11, 1956. Let me place on the record a statement made by Mr. Harris on that occasion:

> The government is satisfied, and I believe that the vast majority of informed observers are satisfied, that under the economic conditions of the past 12 months it was desirable to moderate the rate of monetary expansion. I know of no responsible person who argues openly for inflation as a solution to the problem of excess demand.

Further along Mr. Harris said:

> It is right and proper that our fiscal system at this juncture should emphasize additional restraint in public spending wherever possible. It is equally appropriate that monetary policy should assist by exerting a moderating influence on the expansion of credit.

Mr. Pearson: That is taking responsibility.

Mr. Martin (Essex East): He did not shirk his responsibility.

Mr. McIlraith: No, there was no question of his shirking responsibility. If hon. members will read the evidence given in the banking and commerce committee of 1954, they will find that there was no suggestion made then by the then private hon. member for Eglinton who is now Minister of Finance of the government shirking responsibility.

Mr. Martin (Essex East): Or by the hon. member for Greenwood (Mr. Macdonnell).

Mr. McIlraith: Yes. Indeed, the hon. member for Greenwood was most eloquent about the sovereignty of parliament at that time.

Mr. Pearson: The hon. gentleman certainly was.

Mr. McIlraith: This subject has always been treated in that way up until the time the present government took office. The situation is different now. The Minister of Finance seems to seek to say today that this is all the responsibility of the Bank of Canada. Notwithstanding his physical vigour in speaking and his pugnacious qualities, the minister attempts to depict himself as a poor little helpless man. The Minister of Finance has nothing to say about this policy and could not have any part in it, poor little creature. This is the Minister of Finance who displays great physical vigour in argument, perhaps in an attempt to conceal the lack of careful reasoning that should be applied to a subject of this kind.

The minister in support of his argument chose to quote from the Bank of Canada Act and I should like to place on the record some of its references to the governor in council.

Mr. Speaker, may I call it six o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. McIlraith: Mr. Speaker, when the house rose for the dinner adjournment at six o'clock I had started to make reference to the treatment of the legislation, the Bank of Canada Act, by the Minister of Finance (Mr. Fleming). We had the extraordinary spectacle of the Minister of Finance on this subject making no reference at all to the request of the opposition that the whole matter of the operations of the Bank of Canada be referred to the committee on banking and commerce. Instead he took the position that the government had no responsibility whatever in the field of monetary policy and said, that the subject matter of monetary policy belonged exclusively to the Bank of Canada.

The minister made some references to the Bank of Canada Act. In the few moments at my disposal I propose to show some of the authority left in the governor in council or the Minister of Finance, as the case may be, under the Bank of Canada Act and to show that the Minister of Finance was not, as he pictured himself this afternoon, bereft of all authority over the Bank of Canada.

The first section I should like to refer to is section 4(2) under which branches and agencies of the bank can only be established with the authority of the governor in council. Under section 5(2) the deputy minister of finance is made a member of the board of directors. He does not have the right to vote but either the deputy minister of finance or such other officer as the minister may designate is made a member of the board. Obviously that is for the purpose of keeping the minister fully informed. Under section 6(1) the governor and deputy governor can only be appointed with the approval of the governor in council. In section 6(3)(a) provision is made for tenure of office of the governor and deputy governor and under paragraph (c) the remuneration of the governor and deputy governor can only be set with the approval of the governor in council.

Under section 9 the minister appoints the directors for terms of three years, so he has exclusive control over that. The removal of directors because of incapacity can only be done with the approval of the governor in council. Then there is a very important provision in section 14. The governor of the bank may veto any action of the board of directors or of the executive committee and if such veto power is exercised the veto must be submitted to the Minister of Finance and the governor in council may confirm or disallow the veto. That is an absolute and very wide power over any action taken by the governor in that connection.

There are other such provisions. Section 17(1) provides that the amount of the capital of the bank is controlled by the governor in council. Section 17(2) provides how the capital shall be divided into shares and that all the shares will be issued to the minister. He is the only shareholder. Under section 20, subsection 2, the bank, when required by the Minister of Finance to do so, shall act as the agent of the government in certain respects concerning the management of the public debt of Canada.

The minister made a lot of section 21(1) which reads as follows:

> The bank has the sole right to issue notes payable to bearer on demand and intended for circulation in Canada—

And so on. He argued that that had something to do with his authority vis-à-vis that

of the bank. It is nothing of the sort. When the bank legislation was first enacted each chartered bank could issue its own notes and this provision took away the right of the chartered banks to issue their own notes and gave it to the central bank. The conclusion drawn by the minister from that provision is not an accurate one at all. As a matter of fact, the section goes on to give the governor in council control over the denominations of these notes. The minister's argument on that point is quite specious.

Under section 22(2) the governor in council has certain authority over suspension of the bank to sell gold. In section 23(3) the governor in council is given the power to suspend the gold reserve requirement. In a couple of places in section 24 the receiver general has certain authority over the rest fund, the receiver general, of course, being the Minister of Finance. Section 25(1) gives the governor in council the right to appoint auditors. Section 25(4) gives the minister the right to require the auditors to report to him from time to time. Section 26(1) deals with weekly statements of assets and liabilities. The minister can require such statements and he can prescribe the form. Under section 26(2) a weekly statement of notes is required. Section 26(3) provides for monthly statements of assets and liabilities. Section 26(5) gives power to the governor in council to amend any of the schedules.

Under section 27(2) the governor in council or the minister may require certain other statements. Section 27(2) has to do with the annual report and statements of that type. Section 33(1) deals with the bylaws of the bank and they can only be enacted with the approval of the governor in council.

In other words, the minister struggled very hard to show that the act gives all the powers to the Bank of Canada and leaves him as minister—a man of such energy—bereft of any power in this field. As I have shown by these references to the legislation, the act does nothing of the sort.

The minister also made some references to the conversion loan. Let me tell him that the conversion loan was a monument to his failure in the field of debt management. He should never have included the seventh, eighth and ninth victory loans in the conversion loan and because of his doing so there was incurred some $330 million by way of added interest and carrying charges, as well as a great many other adverse effects. Because he included them in his conversion loan it was necessary for him to make his debt management policies override all other policies and encroach on them in a way that was never imagined before.

One of the fields where monetary policy was subjected to his debt management policy because of his wrong handling of the conversion loan by including all these victory loans was the unemployment insurance fund. This afternoon the minister gave figures and a picture that were quite misleading to the house. I do not say he did so intentionally but he put an interpretation on the position taken by the Leader of the Opposition (Mr. Pearson) that was wholly wrong. The Leader of the Opposition never for one moment suggested that the conversion loan bonds should all be dumped on the market at one time and depress the market. What happened there was that some half of the assets of the unemployment insurance fund at the time of the conversion were victory loans. Of that figure some $90 million were due within two years; that is, they would have matured within a two-year period and have been paid off at par. Of course, if at the time of conversion the victory loans had not been included in the conversion loan their maturities would have met the fund requirements and their value would have held up. I want to point out that the minister in that action made the management of the fund subservient to his debt management requirements, having all public funds converted rather than fulfilling his duty as trustee of this fund, which is provided by employees, employers and taxpayers of Canada. This accounted for the loss, as will be seen from an answer appearing in *Hansard* of February 15, and from a sessional paper tabled December 21, 1960. This loss by reason of converting the bonds amounted to something in the neighbourhood of $70 million. That misuse of his duties in the field of debt management overrode his duty as trustee. The minister's responsibility as trustee of the fund became subservient to the minister's responsibility in respect of debt management policies of this government. Had he been in a private field outside the government, this wrong action would have left him liable for the loss resulting therefrom. This untenable action—

Mr. Bell (Carleton): It was certainly not untenable.

Mr. Martin (Essex East): It is untenable, that is a true statement.

Mr. McIlraith: The minister is trying to make the house believe that he has no authority and no responsibility in the field of monetary policy. He says that parliament can deal with these things. Under our constitutional procedure when parliament has responsibility—I do not subscribe to his view of it at all—surely it is the responsibility of the government and the minister concerned

to bring forward the legislation. The minister was so timorous in that field that he did not tell us anything about any responsibility that he does have in this field. He also did not tell us, having taken the position that he is not responsible, although he is the minister of the crown with the responsibility in the field of finance, whether he agrees or disagrees with the monetary policy in Canada that has been carried out since August, 1957—

Mr. Speaker: Order. I am sorry to interrupt the hon. member. It being 8.15 o'clock it is my duty pursuant to section 4 (d) of standing order 56 to put forthwith the question on any amendments now before the house.

The question is on the amendment to the amendment.

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

YEAS

Messrs:

Argue
Badanai
Batten
Benidickson
Bourget
Bourque
Caron
Carter
Chevrier
Clermont
Crestohl
Denis
Deschatelets
Dumas
Dupuis
Eudes
Fisher
Forgie
Godin
Habel
Herridge
Howard
Leduc
Macnaughton
McIlraith
McMillan
Martin (Essex East)
Martin (Timmins)
Meunier
Michaud
Nixon
Pearson
Peters
Racine
Ratelle
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Rouleau
Tardif
Winch—41.

NAYS

Messrs:

Aiken
Aitken, Miss
Allmark
Anderson
Asselin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Best
Bissonnette
Bourbonnais
Browne (St. John's West)
Bruchesi
Brunsden
Cadieu
Campbell (Lambton-Kent)
Cardiff
Casselman, Mrs.
Cathers
Charlton
Chown
Clancy
Coates
Comtois
Cooper
Creaghan
Danforth
Deschambault
Dorion
Doucett
Dubois
English
Fairclough, Mrs.
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flemming (Royal)
Forbes
Fortin
Frechette
Fulton
Grafftey
Green
Grenier
Gundlock
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hees
Henderson
Horner (Acadia)
Horner (The Battlefords)
Howe
Jorgenson
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
Latour
Legere
Lennard
Letourneau
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McIntosh
McLennan
McPhillips
McQuillan
Maloney
Mandziuk
Martel
Martineau
Martini
Matthews
Milligan
Monteith (Verdun)
Montgomery
More
Morissette
Morris
Morton
Muir (Lisgar)
Nasserden
Nesbitt
Nielsen
Nowlan
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Paul
Payne
Phillips
Pratt
Rapp
Regnier
Ricard
Richard (Kamouraska)
Rogers
Rompre
Rynard
Skoreyko
Small
Smith (Calgary South)
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Starr
Stearns
Stefanson
Stewart
Stinson
Tassé
Thomas
Thompson
Thrasher
Tremblay
Valade
Villeneuve
Vivian
White
Winkler
Woolliams—147.

Mr. Speaker: I declare the amendment to the amendment lost. The question is now on the amendment to the main motion.

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

YEAS

Messrs:

Argue
Badanai
Batten
Benidickson
Bourget
Bourque
Caron
Carter
Chevrier
Clermont
Crestohl
Denis
Deschatelets
Dumas
Dupuis
Eudes
Fisher
Forgie
Godin
Habel
Herridge
Howard
Leduc
Macnaughton

McIlraith
McMillan
Martin (Essex East)
Martin (Timmins)
Meunier
Michaud
Nixon
Pearson
Peters
Racine
Ratelle
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Rouleau
Tardif
Winch—41

NAYS

Messrs:

Aiken
Aitken, Miss
Allmark
Anderson
Asselin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Best
Bissonnette
Bourbonnais
Browne (St. John's West)
Bruchesi
Brunsden
Cadieu
Campbell (Lambton-Kent)
Cardiff
Casselman, Mrs.
Cathers
Charlton
Chown
Clancy
Coates
Comtois
Cooper
Creaghan
Danforth
Deschambault
Dorion
Doucett
Dubois
English
Fairclough, Mrs.
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flemming (Royal)
Forbes
Fortin
Frechette
Fulton
Grafftey
Green
Grenier
Gundlock
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hees
Henderson
Horner (Acadia)
Horner (The Battlefords)
Howe
Jorgenson
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
Latour
Legere
Lennard
Letourneau
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McIntosh
McLennan
McPhillips
McQuillan
Maloney
Mandziuk
Martel
Martineau
Martini
Matthews
Milligan
Monteith (Verdun)
Montgomery
More
Morissette
Morris
Morton
Muir (Lisgar)
Nasserden
Nesbitt
Nielsen
Nowlan
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Paul
Payne
Phillips
Pratt
Rapp
Regnier
Ricard
Richard (Kamouraska)
Rogers
Rompre
Rynard
Skoreyko
Small
Smith (Calgary South)
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Starr
Stearns
Stefanson
Stewart
Stinson
Tassé
Thomas
Thompson
Thrasher
Tremblay
Valade
Villeneuve
Vivian
White
Winkler
Woolliams—147.

COAL—REQUEST FOR ACTION ON CLOSING OF MINES

Mr. H. J. Robichaud (Gloucester): On March 3, 1959 I introduced in this house a grievance based on the failure of the government to take adequate action to meet the demands of the coal industry. On that occasion I pointed out the seriousness of the coal situation which, since this government took office in June 1957, has reached the proportions of a major crisis calling for immediate action and appropriate measures of adjustment to cope with an urgent situation.

My reason for rising this evening is strengthened by the inability of the government to meet its pre-election commitments and its persistent failure to solve the problems of the coal industry. In the course of my remarks I intend to call attention to the inconsistency of the government's actions, its failure to appreciate the seriousness of the situation and its lack of understanding of a serious problem which must be met face on and handled with a bold and comprehensive determination to undertake a social adjustment in a depressed area where a segment of our population is menaced with grave financial distress and a most insecure future.

As long ago as June 30, 1958, I introduced in this house a motion condemning the government for backing away from its commitment to promote and develop the industry in the Atlantic provinces, and especially for its failure to prevent or avert shutdowns in the Nova Scotia mines. Reference was made to my motion by the Minister of National Revenue (Mr. Nowlan) and on page 1800 of *Hansard* for July 1, 1958 the hon. gentleman said of it:

> This is one of the great motions of want of confidence in the House of Commons, one of the six motions to go into supply when the substantial omissions of the government are brought to the attention of the house. If this is all the opposition could arraign this government on, then certainly the record of the government is very good indeed.

These were the words of the Minister of National Revenue when we sought to direct the attention of the government to a situation which, we believed, was heading for a major crisis. That crisis exists today. When we in the opposition were urging the government to act without delay to solve a problem affecting an important segment of the population of the maritime provinces we were told that

we were attacking a matter which was of minor importance. We were told that we were paying attention to a subject which, in the minister's view, was of very little significance—hardly worth while as the subject matter of a grievance raised on a supply motion.

On that particular occasion we were told by the Minister of National Revenue that the stockpile of coal was roughly 1,400,000 tons but that there were orders for 4,600,000 tons and that orders were still coming in. Here are the minister's own words as reported at page 1801 of *Hansard* for July 1, 1958:

> It is going to take months, perhaps into the winter, perhaps even into next spring before the whole stockpile is liquidated; and liquidated it will be, because the company will see to it that it moves out and, as I have said, the orders are recurring and multiplying.

And further on the minister went as far as to say, and I quote again his own words which will be found on page 1804 of *Hansard* for the same date:

> The government believe that the future of the Nova Scotia coal industry can be re-established and is reasonably bright. We have seen an example within the last few days, when the Ontario hydro commission chairman said that within a year or two he would be buying well over one million tons of coal and that within 10 years, even after making allowances for the St. Lawrence seaway and all the other developments of hydroelectric power—he, or rather the hydro commission, would be buying over 10 million tons of coal according to the present expansion program for Ontario.

What is the situation today? Where is that 4,600,000 ton order? Where is that one million ton order for Ontario, referred to by the minister in July, 1958, almost three years ago? Where are all these orders which were recurring and multiplying?

The Toronto *Globe and Mail* for December 7, 1960 reports as follows:

> Hydro denies coal commitment.
> The Ontario Hydro-Electric Power Commission must buy its coal at competitive prices and has made no commitment to purchase Nova Scotia coal, a commission spokesman said last night.

I know that government speakers will outline with some personal satisfaction what they have done since taking office to assist the coal industry. I know that in July of 1958 the government took some temporary measures, such as extending the existing subventions in order to prevent more extensive layoffs in the industry.

The fact remains, however, that the government has failed to introduce adequate measures and has shown that it was not capable of grappling with a problem of this magnitude. The present government has been dragging its feet. It has failed to come up with a well thought out program; it has failed once more to recognize the seriousness and importance of a situation affecting 8,000 to 10,000 miners and a population of close to 150,000 people.

Mr. Brunsden: Mr. Speaker, I rise to a point of order. It is my understanding that the rules of this house provide that an hon. member should not read his speech. I submit to you that this hon. member is reading his speech.

An hon. Member: That is right.

Mr. Robichaud: Mr. Speaker, I have extensive notes and extensive quotations and I am following those quotations word for word.

On June 30, 1958 I warned the government of the seriousness of the situation. On page 1757 of *Hansard* of that date I am reported as having said:

> The present government's policy gives no assurance whatsoever to the coal mines of the Atlantic provinces that at the end of the present year the excess carryover and stockpile accumulated will not force a further lay-off which could be much more serious than the shutdown now taking place.

That is exactly what is happening today. We were accused of being prophets of gloom and doom, of exaggerating the situation. Eight months later, on March 3, 1959, I reminded the government of its failure to meet the demands of the coal industry. I brought to the attention of this house the meeting which was held on February 2 with the Prime Minister and other federal ministers and a delegation from Nova Scotia headed by Premier Stanfield. On that occasion the premier urged increased subventions on an emergency basis as the best means of staving off further lay-offs.

I warned the government that subventions and subventions alone would not keep the miners of Nova Scotia and New Brunswick at work, and would not prevent some of the mining towns of Nova Scotia from becoming ghost towns. I offered suggestions then—concrete suggestions—which at the time were sneered at by representatives on the government side of this house, of areas which are directly affected by the decision recently arrived at concerning certain mines in the Cape Breton area.

The very same hon. member of this house who said on March 3, 1959 as reported at page 1575 of *Hansard* of that date that my solution meant "fewer miners, less production, no surplus"; the same hon. member who said that my suggestion meant "train fare out of the country" for displaced miners, that very same hon. member is now urging the government to take action on the suggestion which I made in this house two years ago. That hon. gentleman is asking the government to intervene with the Avro company, and Dosco

in an effort to persuade them to establish in Cape Breton and not near Montreal their proposed steel rolling plant.

I wish now to refer to an article which appeared in the Halifax *Chronicle-Herald* of February 20, 1961 under the headline, "Cape Breton MP's Call for Immediate 'Crash Program'". The article reads, in part:

An eight-point program to stimulate Cape Breton's economy involving increased expenditure in five government departments and a new conference with Dominion Coal Company aimed at averting or delaying the shutdown of three major coal mines was placed before Prime Minister Diefenbaker Sunday.

Instead of supporting our concrete suggestions in this house, hon. members opposite prefer sundry meetings with the Prime Minister.

Here is what I had to say about this project, not in 1961—not when it is too late—but two years ago on March 3, 1959 as reported at page 1574 of *Hansard*:

The Avro company should have been influenced to establish in Cape Breton and not near Montreal their proposed steel rolling plant. The government should have intervened and provided the company with every argument and if need be even financial assistance in order to influence it to open this new mill in the Atlantic provinces in the vicinity of the coal mining area.

Instead of sneering at my remarks, hon. members opposite, and particularly those from the areas affected should have used their good influence with the government for the realization of this project, when it was still not too late to intervene.

Hon. members opposite must admit, in view of recent events in the coal industry, that action should be taken at once, even if it means substantial tax concessions or other forms of assistance to provide new industries, preferably with coal as their basis, which would at least restore the economy of the industry to its 1957 level and alleviate this atmosphere of uncertainty and insecurity, this fear and gloom which prevails in Cape Breton today.

Mr. MacLellan: What kind of industry does the hon. member want to locate there?

Mr. Robichaud: I will give more detail about that later on in my remarks, Mr. Speaker.

The Acting Speaker (Mr. Rea): Order.

Mr. Robichaud: I say that if 2,000 or 3,000 miners have to be retired from the mines, they must be provided with work at industrial plants located at the pitheads and only then will the problem be solved for years to come.

If two years ago those hon. members who are today urging the government to take action had used their good influence to have this steel rolling plant located in the Sydney area it would have taken care of at least 1,000 of these miners. Will the Prime Minister (Mr. Diefenbaker), will the Minister of National Revenue (Mr. Nowlan), will the silent Minister of Mines and Technical Surveys (Mr. Comtois) once more attempt to convince the population of Cape Breton that they have been deeply concerned with their problems? Will the Prime Minister convince the population of Cape Breton that, as he stated in the house on June 27, 1958, as found on page 1689 of *Hansard*, "every sympathetic consideration will be given to assure the bringing about of a state of affairs which will ameliorate to the maximum degree possible this very trying and serious problem"?

The present government, Mr. Speaker, in its election promises in 1957 and again in 1958 gave great hopes, great expectations to the coal mining population of Nova Scotia and New Brunswick. The fact remains, however, that on August 20, 1959, 14 months after we had introduced our supply motion in the house, the Prime Minister announced the appointment of a royal commission on coal. In making the announcement the Prime Minister said that the government felt that the coal problem was a special one and so urgent as to require a special inquiry rather than to be considered by the Borden commission on energy. The Prime Minister admitted at the time, over a year and a half ago, that, and I quote his own words, "subsidies alone were not a final answer to the coal problem", and he indicated that a thorough study of the long term market outlook was required. There again the Prime Minister admitted that a readjustment of coal production had to be made in such a way that the industry would serve its future markets efficiently and economically.

The coal problem was an urgent one when we introduced our motion on June 30, 1958. The coal problem was critical when the Prime Minister announced the appointment of the Rand commission on August 20, 1959. The coal situation had deteriorated further when the report of the Rand commission was made public late in September of last year.

The report of the Rand commission, Mr. Speaker, has now been in the hands of the government for over five months. For months Dosco had made it clear that three mines employing 2,600 men will definitely close this year. The dates have now been fixed at May 31, July 1 and August 12 respectively. For months the government has been aware that the Caledonia mine, the Florence and No. 16 will be closed during 1961.

What has been done to take care of this emergency? On November 23 the Minister of Mines and Technical Surveys saw fit to give

the house a statement concerning the implementation of the report of the royal commission on coal. What did he have to say on that occasion? Here are the minister's own words as recorded on page 111 of *Hansard*:

> In short, the Rand report is the type of public document which demands the most serious study from each of us.

I agree with him on that.

> It is also the type of document which demands the most serious, systematic and meticulous study by the government. I can inform you that such a study by the government is in progress. It is occupying the attention of an interdepartmental committee consisting of senior officers of the Department of Finance, the Department of Trade and Commerce, the Department of Labour, the privy council office, the national energy board and the dominion coal board, under the chairmanship of a senior officer of mines and technical surveys.
>
> The committee has been given clear and specific instructions. It is "to study and report to the cabinet on the recommendations of the royal commission on coal relating to subsidies and research" and on such representations as have been received by the government.

I hope, Mr. Speaker, that the minister has in mind making public the Vissac report which we have been asking the government to table for over a week. Those were the words of the Minister of Mines and Technical Surveys. The Rand report had been in the hands of the government for two months, and once again we have a government unable to take a decision, a government seeking more delaying tactics before making up its mind. It was a delaying tactic, as I said a while ago, when the commission was appointed on August 20, 1959. It was again a delaying tactic when an interdepartmental committee was appointed in the fall of 1960.

What has the government been doing in the meantime to protect the coal industry? As was so well said in a recent editorial in the *Casket* of Antigonish on February 9:

> The mood of the average Nova Scotian at the moment is one of lack of faith in the power of the federal government either to recognize fully the problems which face us or to tackle the problems with the required vigour. We feel that Ottawa is either not interested in the problems of a province which, after all, has only 12 seats in a 265-seat House of Commons, or that it is simply not capable of grappling with a problem of this magnitude. In either case, Nova Scotians have every right indeed to be very disappointed with the lack of action at Ottawa.

What has the government done since the appointment of the interdepartmental committee to study the recommendations of the Rand report? On January 9, in an attempt to distract attention from another important event which was taking place in Ottawa on that day, the Minister of National Revenue and the Minister of Mines and Technical Surveys issued a joint statement to the press. Their statement said that Caledonia No. 4 in Glace Bay, due to close January 14, would be kept alive until May 31 and that the Florence mine and No. 16 at New Waterford would continue operations until July 1 and August 12 of this year respectively.

In other words, the government has officially announced that it is prepared to accept the closure of three mines in the Cape Breton area; that it is prepared to accept the laying off of close to 3,000 coal miners, thus wiping out the means of livelihood of tens of thousands of our population. This action of the government has made a farce of the Rand report. It has made a farce of the interdepartmental committee appointed last fall to study this report. The government has repudiated that part of the Rand report on page 30 which stated:

> We cannot cut this island off, and Canada acting with Nova Scotia must, in my opinion, provide conditions to enable it to regain confidence and affirm its will to a new vitality.

The government by this action has repudiated that part of the Rand report on page 42 which stated:

> The need exists in Cape Breton to build up alternative means of productive wealth; and the necessity also of facing up to such a possibility as well as the planning for the minimum disruption in the substitution. It is to try to avoid severe dislocation even within ten years that the recommendations provide for graduated action.

The position of the present government on this matter of vital importance is ambiguous. It is one of delayed action, one of uncertainty and insecurity for the miners and the population generally. The government is acting with regard to this problem in the same uncertain and inactive way it dealt with the Arrow, with Elliot Lake, with Springhill. What has it done for the displaced miners of Springhill, for this unfortunate community which through no fault of its residents was almost overnight forced by a tragedy into the state of a ghost town? It is not a prison farm, it is not $10,000 in winter works, to which the federal government will contribute about $3,000 and which will employ about 14 men for a few days, that will take care of the displaced miners of Springhill. The present government, I repeat, is dragging its feet. It is shirking its responsibility. It is refusing to take adequate measures to solve the coal problems of the maritimes. It has agreed to accept the closure of at least three mines without making any move to find alternate jobs for the miners who will be laid off by such closures. It has agreed to accept closures of three mines when an interdepartmental committee of its own appointment was studying the recommendations of a royal commission. What are we to expect next? Probably an announcement by the Prime Minister or a joint statement by the

Minister of National Revenue and the Minister of Mines and Technical Surveys to the effect that the government has decided to appoint a royal commission to study the report of the interdepartmental committee on its study of the report of the Rand commission.

I repeat, Mr. Speaker, this government has made a farce of the interdepartmental committee appointed to study the Rand report. This government is refusing to take an overall approach to the whole problem of the coal producing areas. The postponement for a few months of the closing of the three mines in Cape Breton is by no means a permanent solution to these problems. This government has failed to introduce plans for the situation that will arise when apparently the mines must be closed. No steps whatsoever have been taken to relocate the displaced miners, no plans are being made for the future. This is typical of the day-to-day attitude of this government.

The coal industry of Cape Breton will not subsist on subsidies and on subsidies alone. Instead of its sit back and wait attitude, this government must wake up from its lethargy and face the facts. This government must agree to contribute a substantial sum for capital projects in the Atlantic area to be spread over a relatively short period of years.

As I have said before in this house, the government by transferring the coal problem to a committee of civil servants is shrinking away from its responsibility; it is announcing postponement after postponement in dealing with the urgent problem of the coal industry. The government has asked Mr. Rand to make recommendations. Mr. Rand presented his recommendations. Now the government is asking another committee to make recommendations on what it should do with the Rand recommendations. Why is the government stalling; why is it dragging its feet? Is it because there is division; there is disunity among cabinet ministers on this vital problem? I know that some of the recommendations of the Rand report, if implemented, would be detrimental to the coal industry in New Brunswick. The spread in the subsidy payments between Nova Scotia and New Brunswick is too apparent for any government to act according to that particular aspect of the recommendations. The Minister of Forestry (Mr. Flemming), during his by-election campaign last fall, committed himself in no uncertain terms as to the position he would take on the Rand report recommendations. Is this sufficient reason, however, for the government, for the Minister of Mines and Technical Surveys, to refuse to state their attitude, their policy on the coal situation?

As I have already said, in my view the recommendations in the report do not provide a satisfactory answer to the human and social problems that are involved in the cut-backs and now in the contemplated closures in the Cape Breton coal fields, nor to the requirement of the coal industry in the province of New Brunswick. Once again I want to put forward a number of suggestions which in my mind the government ought to consider, and consider now, in relation to the urgent problem of the Cape Breton coal area. First, if the government accepts the views of Commissioner Rand that mine closures must take place within the foreseeable future—and this the government has already accepted according to the joint statement from the Minister of National Revenue and the Minister of Mines and Technical Surveys which I have referred to earlier—then I maintain that these closures cannot be permitted to occur abruptly and suddenly, because no prior planning has yet been made. The government was warned about this almost three years ago but to date it has refused to act.

As the government has now accepted the view that closures are inevitable, such closures should be allowed to occur only gradually and over a period of time during which, if necessary, the government should underwrite losses of the company to the break-even point. This interim period would provide an opportunity for further planning and investigation as to what can be done to meet the unemployment problem that would surely follow closures. This would give the government the opportunity to do now what it should have done three years ago.

Second, I believe that the government should direct the dominion coal board to explore with the company the economies of a new development at the Lingan area of Cape Breton and, especially, whether federal assistance in opening a new mine might be justified in the long run through substantial reduction in production costs that would make coal more competitive as a source of energy.

Mr. Horner (Acadia): Would the hon. member permit a question?

Mr. Robichaud: When I am through with my remarks, Mr. Speaker.

Mr. Horner (Acadia): I was just going to ask him who wrote his speech.

Mr. Robichaud: Third, I believe further that the government should set up at once a committee of practical men who would be given the job of finding new industries that might be located in the Cape Breton industrial area.

The need exists to build at once, to build now and not in three or four years from now, alternative means of productive wealth which would result in a diversified economy for these areas.

These, Mr. Speaker, are positive proposals, proposals which if implemented would result in positive action. The time has passed for Ottawa to pass up opportunities to act, to regard such problems as just another stage in the process of putting off the day of reckoning.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, we have just witnessed a display that I cannot rightly name, other than a reading room address possibly prepared by a research director from—

Mr. Robichaud: On a question of privilege, Mr. Speaker.

Mr. Deputy Speaker: Order. The hon. member for Gloucester is rising on a question of privilege.

Mr. Robichaud: The hon. member who has the floor has stated that the remarks I have just made were prepared by someone other than myself. These remarks were prepared by myself and represent my own work 100 per cent.

Mr. MacInnis: To that, Mr. Speaker, I suggest that we throw away the notes so that we can see who knows what about the coal industry.

Mr. E. W. Brunsden (Medicine Hat): On a question of privilege, Mr. Speaker—

Mr. Deputy Speaker: Order. The hon. member for Medicine Hat is rising on a question of privilege.

Mr. Brunsden: I suggest we throw away Beauchesne's rules of the house and allow members to read every speech from now on.

Mr. Pearson: We should throw away some of the interrupters.

Mr. Robichaud: Most of them on the government side.

Mr. Deputy Speaker: Order. The hon. member for Cape Breton South has the floor.

Mr. MacInnis: The member who has just taken his seat has referred to his knowledge of the coal industry. If there is anyone in the house that doubts his statement just ask the member from Gloucester (Mr. Robichaud), because not too long ago he arrived in the town of Glace Bay and advertised himself in the Cape Breton *Post* as the official coal critic for the official opposition. Later that same day, while visiting one of the mines in that area, in a discussion with the newspaper people who were covering his visit he candidly admitted that this was his first visit to a coal mine of that type. Following that admission he expressed no surprise at the cost of production. Here we have a man who claims knowledge of the coal industry, and who arrives in a coal mining town advertising himself as the official critic for the official opposition in respect of coal, and then admits that it was his first visit to a coal mine.

The hon. member has taken it upon himself to read many quotations. In fact, his speech was made up mostly of quotations from what somebody else had said about coal in the past. He went so far as to give the members from Cape Breton a pat on the back for what they had been trying to do and I thank him for that gesture. But I would remind him that, while he was on his feet, at no time did he take any exception to the fact that New Brunswick is about to burn oil in the thermal plant. He did not take his government to task for that fact. The miners in New Brunswick are riding on the backs of the Cape Breton miners who came up here to Ottawa to make representations on behalf of the Cape Breton coal miners. The miners of New Brunswick had every advantage of it. The miners of Cape Breton, through their representation, are helping to carry on the coal industry in New Brunswick. Further than that, Mr. Speaker—

Mr. Robichaud: Who was premier of New Brunswick?

Mr. MacInnis: This man who rises in his place and asks questions about the mines, and concerning the coal problem has yet to show his face at any one coal conference and add anything to any coal conference. This is the man who professes interest in the matter. He has never shown his face at one coal conference.

Mr. Robichaud: I rise on a question of privilege. The hon. member has said that I at no time attended a coal conference. That is not true. I attended two coal conferences and I attended the coal commission.

Mr. Deputy Speaker: Order. May I indicate to the hon. member that this is not a question of privilege but a matter of controversy.

Mr. MacInnis: I will consider it to be a question of privilege for the benefit of the hon. member. He has yet to attend any coal conference since this government came into office. I have never missed one, and I have never seen him in attendance. If he wishes to do so, he can take that as a question of privilege. I will not withdraw my statement, because I will not withdraw from the truth.

He has made reference to what has gone on in the coal industry. From 1946 to 1956 34 coal mines closed in Nova Scotia. I should like to see where on the record he has raised any objection about his administration. Let me tell you something else about

his administration, Mr. Speaker. The former prime minister went into his own province and told the people of Nova Scotia and New Brunswick to leave the coal in the ground for the benefit of future generations for the manufacture of synthetic articles. He said that in New Brunswick. I do not care what was said by the hon. member who represents Bonavista-Twillingate. I said "represents"; he does not come from Bonavista-Twillingate. I do not care what he said. He has been called upon by the public press to apologize for denying that statement and he has not agreed to withdraw it. He has been asked in the interests of journalism in this country to withdraw the denial because it is evident that the former prime minister told the people of Nova Scotia and New Brunswick to leave the coal in the ground. That is another question of privilege for him if he thinks he can get away with one.

He referred to the coal industry in the years from 1946 to 1956 and what his government did about the use of coal, without one coal conference and without one objection at all from those supporting the government of the day. Let me tell you this, Mr. Speaker. In 1957 through the action of this government the trend that was in progress between 1946 and 1956 was brought to a halt; and it was brought to a halt by the actions of this government. It is granted that there have been a few closures of mines in Nova Scotia, primarily because of disaster and to prevent future disasters. I refer now specifically to No. 25 colliery in my area. It was obliged to close. Otherwise more men would have lost their lives through drowning, as had happened there previously. This mine absolutely was forced to close.

He referred to the action of this government. He referred to the fact that the government announced closures. Let me for a moment come to his aid in putting across his knowledge of coal mines. I will read him a quotation from a former Liberal candidate—and I say former Liberal candidate advisedly —in the last provincial election in Nova Scotia. The quotation is that of James P. MacNeil of New Waterford. As I say, he was a candidate for the Liberal party in the last election. When this propaganda or publicity came out on the part of the government announcing closures, here is what the Liberal candidate in the last provincial election had to say about it:

> Mayor James P. MacNeil of New Waterford, a miner employed in No. 16 colliery charged that the dates for closing of the mines were set by Dosco and not "by an agreement between Dosco and the government."

That is a direct quotation from one of the Liberal adherents in Nova Scotia. That is the truth. It is too bad that the rest of hon. members opposite cannot get up and tell it. As I said when I rose in my place, here is a man who claims to be a coal authority. He criticizes this government for the action it has taken in preventing further closures in Cape Breton. As the indication was that January 14 was the deadline, that matter has been taken care of by this government. The unions got what they asked for at this stage. They got that date shifted back to May 31. It is my hope, and that of every other Cape Breton member, that we can bring about further delay.

The hon. member for Gloucester referred to the Rand commission report. He has indicated that he did not think it was the solution to the problem. I might say that when the last coal conference was held expressions of opinion were voiced of the Rand report. There was not one representative from Cape Breton who took objection to those representations made about the Rand report. It is only in the last couple of weeks that there has been any advocacy of adopting the Rand report. I have to agree that I did not see anything in this Rand report that was beneficial to the miners of Cape Breton, except the one problem they went into, namely the delaying of closures over a period from five to ten years. This is something with which I fully agree and I would advocate the adoption of such a plan.

Let me tell you this, Mr. Speaker, and let us get this straight. This government has offered to go further with Dosco but Dosco will not or would not accept this offer from the government. They have made up their minds. Why did not the hon. member for Gloucester get to his feet and criticize this company? Why did he not do that? He did not do it because he had no knowledge of what the situation was. Why did he not get to his feet and criticize the fact that they are closing No. 4 colliery in Glace Bay? The reason why he did not do that is that he does not know the score. He does not know what is going on in connection with coal.

The fact remains that No. 4 colliery in Glace Bay is not an uneconomical colliery. It is among the top ones, as far as economics is concerned. The company has promoted the idea that it is an uneconomical mine they are closing. That is not so. Caledonia mine in Glace Bay is an economic colliery by their own admission. What happens when you catch the company on this score is that they immediately revert to the argument that it is the quality of the coal. It is the same quality of coal that has been sold from this colliery for 60 years. Caledonia coal can be sold for 57 cents a ton less than other types. There are those companies that desire a lower quality

of coal if conditions are right. That only means one thing, namely, price. Caledonia coal could be set up as a separate commodity and sold at 57 cents a ton less than the price which is an economic proposition, 57 cents a ton below the average cost.

There has been no denial at the conference by the company of this argument. Yet the executive officers see fit to feed their propaganda against me for repeating this. They did not stand behind me on that program. Neither did they stand behind me on the other argument concerning coal. They caught Mr. Albert Fairley thoroughly off base, out in left field, but they never stood behind me on that one. Yet they see fit to criticize the actions I have taken on behalf of the miners. All I can say is this. I will stand up in any public assembly and I will fire back what the absolute truth is on this situation. The miners in Caledonia are not getting the support they deserve. The hon. member for Gloucester—the coal critic of the official opposition; the man with particular knowledge of coal; the man who never attended any coal conference—gets to his feet, and what does he say? He rambles on about what somebody else said with regard to coal. He skips what his own prime minister had said about coal. He forgot that he said they should leave it in the ground. He has nothing to say about the criticism I offered to the great champion of labour from Essex East, who did not see fit to answer the correspondence I sent out on coal, but who rises in his place and tries to put himself up on a pedestal as far as the miners of Cape Breton are concerned. He did not himself have enough interest to answer a letter concerning a coal problem, and I think that if he had got together with his colleagues in the house they could have taken action that would have been beneficial to the coal miners.

With reference to the hon. member for Gloucester I am going to make a remark here which, in all fairness, I will give him an opportunity of denying. I understand that he himself has looked for an oil agency in New Brunswick, if not for himself, for somebody in his family. He is perfectly at liberty to deny that.

Mr. Robichaud: Mr. Speaker, on a question of privilege, I do not think the hon. member has any right to say I have been asking an oil agency for myself or my family.

An hon. Member: Is it true?

Mr. Robichaud: It is not true.

Mr. MacInnis: The hon. member has had his opportunity on the question of privilege and he has not denied it. After all, oil has to come into the question. Everybody else brings oil into the question of the coal problem, so why should not I bring it in? Why has the hon. member offered no criticism of the administration of the day in New Brunswick which is going to use oil in the thermal plant there and by-pass considerable assistance from the federal government? In the event that they used coal in the Saint John thermal plant this government would have assisted to a great extent. They have by-passed that assistance in favour of using oil. I need not go on to explain why the hon. member is probably very much aware why they have by-passed coal.

Mr. Robichaud: Do you want an explanation?

Mr. MacInnis: I want no explanation from the hon. member because I have already told this house, and I will tell it to the world if necessary, that the hon. member is not in possession of any information on the coal problem that I do not possess. In fact I have stated here flatly that the hon. member is not in possession of any information on the coal problem. He does not have an interest in coal, and it is only a hypocritical attitude on his part to get up in the house and say he has.

Mr. Deputy Speaker: Order. May I draw to the attention of the hon. member that he must address the Chair, and I must also warn him about his last words.

Mr. MacInnis: Mr. Speaker, I think I have clearly indicated my stand in the house on the statement I have made. If I am asked to withdraw it, you might as well save your breath because here is one member who does not withdraw from the truth.

Mr. Robichaud: Mr. Speaker, the hon. member has used the word "hypocritical". I think that is an unparliamentary word and should be withdrawn.

Mr. Deputy Speaker: I agree that if the word was used in reference to the hon. member for Gloucester, it should be withdrawn, but I understood the hon. member to indicate he was willing to withdraw that word.

Mr. MacInnis: Mr. Speaker, I was referring to an attitude which I firmly believe is true and I do not propose now to withdraw from the truth of any statement which I feel I can truthfully make.

Some hon. Members: Oh, oh.

Mr. Deputy Speaker: Order. If the hon. member used the word mentioned in connection with the hon. member for Gloucester I am sure he will realize that this expression is unparliamentary, and on reflection he will

understand that for the dignity of debate in this house he should withdraw the word unconditionally.

Mr. MacInnis: I do not intend to further this argument. I made the statement to the effect that the hon. member's attitude was hypocritical. I do not see why I have to withdraw that in respect to any personalities who may be involved, because my statement has reference to an attitude and was not in reference to the hon. member. I had referred to the attitudes adopted not only by the hon. member but by his party as a whole.

Mr. Deputy Speaker: I will put it this way. If the hon. member was referring only to the hon. member for Gloucester, he must withdraw that word.

Mr. Brunsden: Mr. Speaker, on a point of privilege, I have listened very closely to the hon. member for Cape Breton South. He did not say the hon. member for Gloucester was a hypocrite. He was referring to a hypocritical statement.

Mr. Deputy Speaker: The word was mentioned in a statement by the hon. member concerning the hon. member for Gloucester. I am sure the hon. member for Cape Breton South will clarify the situation and say that he did not refer to the hon. member for Gloucester in this connection, or if he did, he withdraws the word.

Mr. Brunsden: He did not.

Mr. MacInnis: Mr. Speaker, I want my stand to be clearly understood. My criticism and my reference to "hypocritical" was referring to an attitude. If the hon. member feels, when anybody on this side of the house makes a reference to an attitude, that it applies to him alone, it only further indicates to me his earlier thinking, when he indicated that he is in possession of a great many facts and a great deal of knowledge.

Does this mean he has all the knowledge of the Liberal party, all the knowledge on all statements that are made? My remarks were to the effect that the statements were hypocritical and there was no reflection on any one hon. member when I said that.

Mr. Chevrier: On the point of order, Mr. Speaker, may I say that the rule is quite clear. It is standing order 35, which says—without reading the whole of it—that no member shall use offensive words against any member of the house.

The words used by the hon. member were "the hypocritical attitude of the hon. member for Gloucester". The hon. member for Cape Breton South, in explaining his position, said he referred to a hypocritical attitude, but he did not add the additional words, namely "the hypocritical attitude of the hon. member".

Those words, in my opinion, according to Beauchesne's, are unparliamentary and should be withdrawn unreservedly.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the hon. member for Cape Breton South said a moment ago, just before the hon. member for Laurier rose in his seat, that he was not referring to the hon. member who had made this address or to any other particular hon. member. He said he was referring to an attitude, and he stated specifically that he was not referring to any particular hon. member.

That is exactly what he said and I am sure *Hansard* will bear out when we see it tomorrow. If that is the situation there is nothing the hon. member has to withdraw, I submit with deference, because he has said he was not referring to an individual but to an attitude.

Mr. Deputy Speaker: It was not very clear to the Chair that the hon. member said he was referring to an attitude of an hon. member. If he wishes to repeat that he was not referring to the hon. member, I think the incident could be closed.

Mr. Crestohl: Mr. Speaker, on this question of privilege, under citation 298 of Beauchesne's second edition it is clearly stated that the following expressions have also been ruled out of order, "hypocritical lovers of liberty" and "hypocrites" even when used without referring to any particular statement by anybody. The expression used is unparliamentary and the hon. member should withdraw it.

Mr. Deputy Speaker: Order. I have already indicated very clearly that the expression used concerning an hon. member was not parliamentary. That is very clear and there is no need for discussion on that. I have asked the hon. member, if he used the expression about the hon. member for Gloucester, to withdraw it unreservedly. If he claims he did not use it in connection with the hon. member for Gloucester perhaps he would make it clear that he was not referring to the hon. member.

Mr. MacInnis: That is exactly what I did before I resumed my seat.

Mr. Deputy Speaker: Perhaps we could settle the question of privilege raised by the hon. member for Gloucester before any other problem is raised.

Mr. MacInnis: I have indicated, as I said before I took my seat, that my reference was to a statement or statements, and that it was

not directed to any one member. How much further am I required to go to satisfy this childishness?

Mr. Deputy Speaker: If the hon. member for Gloucester is satisfied with that statement it would be satisfactory. What I tried to indicate to the hon. member for Cape Breton is that if he used the words "hypocritical statement" as applied to the hon. member for Gloucester, then that expression was not parliamentary and should be withdrawn unreservedly. That is what I am asking the hon. member for Cape Breton to do.

Mr. MacInnis: That is exactly what I have done. I have said that the statement I made was not directed to the hon. member for Gloucester.

Mr. Deputy Speaker: I have not before me the exact expression used by the hon. member for Cape Breton but I must say that if he claims now that this statement was not directed to the hon. member for Gloucester, I think the house has to accept the denial and therefore the matter of privilege is closed.

Mr. Crestohl: With all due deference, Mr. Speaker, it makes no difference whether or not the expression is directed to one individual or another. The expression itself is unparliamentary. Citation 298 gives a list of expressions which are unparliamentary, and the words "hypocritical" and "hypocrite" are contained in this list.

Mr. Deputy Speaker: I think I have made myself clear. The hon. member for Cartier is arguing the same thing as he argued before, and I have explained that these words are unparliamentary if applied to a member of the house. However, if they concern an attitude generally or anything that is not connected directly with an hon. member they are not considered to be unparliamentary. I think the incident should be closed, because the hon. member for Cape Breton has made it clear that he did not apply this expression to the hon. member for Gloucester or to a statement made by the hon. member for Gloucester. I think this closes the incident.

Mr. Robichaud: Since it was said that I had made hypocritical statements I want to be sure that the record is not changed tomorrow.

Mr. Deputy Speaker: The hon. member knows that the record cannot be changed. It may be that on consulting *Hansard* tomorrow he will find it is something else, but the hon. member has stated his remarks did not apply to the hon. member for Gloucester and the hon. member, for the time being, should accept that.

[Mr. MacInnis.]

Mr. Robichaud: I accept your ruling, Mr. Speaker, but I reserve the right tomorrow to refer to *Hansard*.

Mr. MacInnis: I should just like to wind up my remarks—there has been some delay—and refer for a moment to what the executive of the united mineworkers of America feels about the action taken by this government in delaying any action on the part of Dosco. As I have indicated, I have felt that the attitude of Dosco requires some investigation and some considerable study because it is my belief that the attitude taken by them towards the miners in Cape Breton and the community as a whole is not one which can be accepted. I myself do not for a moment accept the reasons given for closing No. 4 colliery in Glace Bay. Mr. Fairley has at times made statements in reference to this colliery and, as I have said before, not only has he been caught off base but he has been caught out in left field. He has indicated that there has been no development going on in the west side. But miners have told me that this development work is 85 per cent complete. Mr. Fairley tells me there has been no development on that side of the mine. I have on occasions reminded Mr. Fairley that this is not so. The facts are very easily proven by press releases from his own company. However, among the excuses for closing, there is the statement that no development work has been going on. I have made statements which have been severely criticized. The members of the opposition have been receiving newspaper clippings from the local paper in my constituency which severely criticize me. That is part of public life. We all have to stand up to a certain amount of criticism, and I can take it when I consider the source.

I have here a newspaper clipping whose heading says: "Marsh, Dolhanty, say Statements are Inaccurate". They are the president and vice president of UMW District 26. I am a member of the union, a member of the Caledonia Local, a paid up member. The clipping is here for everybody to see, and I face up to the situation every time. They go so far as to say my statements were immoral, and when they say that they are referring to a remark I made at Sydney when I said that 800 miners at Caledonia colliery were not getting the support from their union executive that they could rightfully expect. This is the statement that brought on all the criticism. They say it was immoral. I went on to say I thought the union executive would be satisfied with fewer contented miners rather than a large number of discontented miners. This was the statement they referred to as being immoral. Yet I pointed out clearly that this was exactly the practice followed

by John L. Lewis, formerly president of the union in the United States. He advocated the closing of uneconomic mines. Strictly on a business level that idea might have merit. It does not have merit when applied to the Caledonia colliery at Glace Bay because that colliery is economical. Anybody who withdraws from the argument because of that consideration is withdrawing from the truth. It can easily be proven, but this is one portion of the argument which the union has failed to put forward on behalf of the miners of No. 4 colliery.

Now I should like to call the attention of the house to what the executive members of the UMW think of the action taken by this government. In criticizing me, Mr. Dolhanty says:

> I only hope that he is not voicing government policy. We have worked very closely with both the provincial and federal governments over the years. They have given us much help.

I have placed on the record what the UMW executive has said about this government. They have worked very closely together and this government has given them very much help. Those are the words of vice president Dolhanty. There they are in black and white.

I notice that the hon. member for Essex East (Mr. Martin) is finally back in his seat. That hon. gentleman saw fit to rise in this house and ask direct questions of the Minister of Mines and Technical Surveys. The hon. member is very seriously concerned about the situation in Cape Breton, so seriously concerned that he failed to answer a letter I sent to him on behalf of these same miners. So seriously concerned with this matter is the hon. gentleman that I have never seen anything that he has said that takes opposition to the policy enunciated by the former leader of his party and then prime minister of Canada. I will remind him what the former prime minister said. Since the hon. member is late in arriving, I will repeat it for his benefit. The former prime minister said, in effect, leave the coal in the ground for future generations so they can manufacture synthetic articles.

One of the hon. member's colleagues took exception to this and has been severely criticized editorially for so doing.

It is my hope and I am sure it is the hope of every hon. member from Cape Breton and Nova Scotia that the closing down of mines in Nova Scotia and Cape Breton can be further delayed. I might say that the action taken by this government has had the effect of continually setting back this date. Attempts have been made for some considerable time to close the mines. A trend of closing mines gained impetus from 1946 to 1956. This government brought that trend to a halt. Regardless of what is said by hon. members of the opposition, this government is the only government that has taken a genuine interest in the miners of Nova Scotia.

The very determined effort on the part of Dosco to close out No. 4 colliery on January 14, has again been delayed to May 31. It is my hope that something will develop between now and that date which will bring about a further delay of these proposed shutdowns.

I wish now to speak briefly about the so-called new party. Apparently it operates under the delusion that it is going to be the saviour of the Cape Breton miner. The new party has a certain element of the Cape Breton miners believing that this new party is capable of saving the industry. I do not know how beneficial the new party will be, but I remind the Cape Breton miners that there is no hope of salvation to be found in the new party. I think there is very little hope of the new party finding itself elected anywhere. As far as I can see personally, it is simply not going to go over. In fact, I draw that conclusion from some of the remarks that have been made from time to time by hon. members down in the corner of the chamber.

I do not mean to hurt the feelings of the hon. member for Assiniboia (Mr. Argue). I have been given to understand through the press and other media that the man who could have the leadership of the so-called new party merely by snapping his fingers is Mr. Douglas. All that is required, apparently is that he accept the leadership of the so-called new party. I do not really get the drift of this matter. They were labour, they became the C.C.F. and now they are merging with labour and farmers to become the new party. I hope they get the name straightened out before too long so we will know exactly what they are.

Mr. Martin (Timmins): Mr. Speaker, I rise to a point of order. Would the hon. gentleman let us know what Premier Douglas has to do with the coal industry?

Mr. McIntosh: We also have coal out in Saskatchewan.

Mr. MacInnis: Mr. Speaker, I am very pleased that the hon. member has given me this excellent opportunity to bring to his attention what the potential leader of the so-called new party has had to say about the coal industry.

Hon. members will recall that not too long ago a new party seminar was held in the city of Montreal in which Mr. Douglas played a prominent part. For the benefit and interest

of the hon. member who directed a question to me I will now quote from newspaper reports relating to that seminar:

Premier Douglas asked what point there would be in nationalizing coal mines or railways when they were obsolete.

Mr. Douglas wanted to know what would be the point in nationalizing the coal industry when he considers it obsolete. How much faith can the miners of Cape Breton, Nova Scotia or any other province in Canada place in the future of coal if this would-be leader ever realizes his ambitions? Of course, I cannot say with certainty what his ambitions are. I am not sure if it is his ambition to lead this group comprised of labour, the C.C.F., the new party or whatever they choose to call themselves. However, Mr. Douglas has flatly gone on record with respect to his attitude toward the coal industry in Canada.

I am very much surprised that Mr. Douglas would tie in the coal industry and the railways. I should hate to think of the position the province of Saskatchewan would be in without the railways. Mr. Douglas has clearly indicated his stand on the coal question. He considers that the coal industry is obsolete and that there is no point in nationalizing it. I am sure that if Mr. Douglas is going to look for any support among the executive of the UMW, which has consistently supported the C.C.F., he will have a lot of explaining to do with respect to this policy.

Mr. Fisher: He is a good Baptist. He can explain it.

Mr. MacInnis: I am afraid that even though he is a good Baptist this policy will not be acceptable to the executive of the UMW. I am afraid that Mr. Douglas, even as a good Baptist, will have difficulty explaining this policy to the members of the executive of the UMW. I almost said "members of the executive of the C.C.F." but that would have been all right because the two are practically synonymous.

Nationalization is what the leader of the UMW is promoting right at this moment. He is promoting it on the basis of the Rand report.

This is something I fail to understand. Mr. Sheppard, a so-called authority, recommended that a committee should go from Cape Breton to study production methods in England. That was the suggestion made in this regard. Mr. Sheppard, the expert, recommended that a committee should study production methods in the old country because they have increased their production by 50 per cent as a result of the production methods employed there. Nobody took into consideration, however, that even with a 50 per cent increase in production the industry in the old country is still behind the production capacity of the Cape Breton mines. It is a ridiculous suggestion to urge that a committee go abroad to examine the production methods in a country where the industry does not have our production capacity per man ton per day. Nevertheless this is the recommendation at which they jumped and which they followed through.

Mr. Speaker: It being ten o'clock it is my duty, pursuant to section 3 (f) of standing order 26 as provisionally amended, to interrupt these proceedings and put forthwith the question on the motion now before the house.

Motion agreed to and the house went into committee, Mr. Flynn in the chair.

The estimates of the following departments were first taken up and entered for consideration:

DEPARTMENT OF LABOUR

General administration—

178. Departmental administration including a grant of $10,000 to Frontier College and the expenses of the international labour conferences, $1,373,104.

DEPARTMENT OF PUBLIC WORKS

329. General administration including a grant of $2,000 to the Canadian Good Roads Association, $10,667,720.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

394. Departmental administration, including fees for membership in the international organizations listed in the details of the estimates (also includes the National Industrial Design Council transferred from the national gallery), $3,275,445.

Proceedings reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I ask the house leader if in announcing the business for tomorrow he will be good enough to state that he will bring in the estimates of the Department of Labour which were called just a moment ago?

Mr. Nowlan: Mr. Speaker, as has already been indicated I believe, tomorrow the house will deal first with the bill relating to the Mattagami railway which I understand has been reported back from the committee although it is not on today's order paper. If that is the case, it will be the first item dealt with tomorrow. The second item will be No. 9 on today's order paper, the setting up of a sessional committee on railways, air lines and shipping. Having concluded those two items, we will then deal with item No. 8 on today's order paper, the resolution to increase the number of members of the board

of directors of Canadian National Railways from seven to 12. That is the business for tomorrow.

Mr. Chevrier: May I ask the acting house leader whether he will give us the assurance that the estimates of the Department of Labour will be called on Thursday or Friday, as soon as we dispose of these three items?

Mr. Nowlan: I cannot give any such assurance. In fact, I would inform the hon. member for Laurier and the house that the intention is to deal on Thursday with the estimates of the Department of Citizenship and Immigration including all facets of that department, all matters for which the minister may be responsible such as the national gallery, the film board, the archives and so on. When these are completed on Thursday we will then start to deal with the estimates of the Department of Agriculture and will continue with the estimates of that department on Friday.

Mr. Chevrier: In view of the discussion that has taken place earlier, and I refer particularly to that which took place on February 15 and the questions and answers that were given then, may I ask the acting house leader why the government will not call the estimates of the Department of Labour so that we can discuss certain matters that come under that department?

Mr. Nowlan: There was a discussion on February 15 in which reference was made to the calling of the Department of Labour. At that time the Prime Minister said:

—if the house so wills, among the estimates to be called will be those of the Department of Labour.

Monday came and we had a supply motion but the question of labour was not dealt with directly. No promise or suggestion of a promise was made by the Prime Minister, and we are proceeding with the estimates of the departments as I have outlined.

Mr. Chevrier: In view of what was said and what the minister has read, I wonder why he will not give us the opportunity to discuss the estimates of the Department of Labour?

Mr. Nowlan: The Department of Labour was called tonight. There was an opportunity to discuss labour matters in the last two days, and it is considered to be in the interests of the administration of the business of the house and in the public interest to proceed with the departments I have outlined.

Mr. Chevrier: I do not want to prolong this unduly but we did not have an opportunity to deal with this matter as we would if the estimates were called, because when they are called the minister is before the committee with his officials and we then have an opportunity to put questions and get answers which we could not do on a motion to go into supply. That is the only reason I was pleading with the minister to call them.

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

Questions

ANSWERS TO QUESTIONS

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

NON-OPERATING EMPLOYEES, C.N.R.

Question No. 42—**Mr. White:**

1. How many non-operating employees were with the Canadian National Railways as of January 1, 1950?
2. Of this number, how many were engaged in a supervisory capacity?
3. How many non-operating employees were with the Canadian National Railways as of January 1, 1960?
4. Of this number, how many were engaged in a supervisory capacity?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

The management of the Canadian National Railways advise as follows:

1. Monthly data for 1950 are incomplete, and for this period annual figures have been substituted. Comparable annual data for 1960 will not be available for another month but the average for the first 11 months of 1960 will permit a reasonable comparison to be made. The average number of non-operating employees for the year 1950 and for the first 11 months of 1960 were as follows:

Year 1950, 75,114; average, Jan.-Nov. 1960, 67,671.

2. Since many supervisory personnel have jurisdiction over other employee groups as well as the non-operating group, it is not possible to identify separately those who have supervisory jurisdiction only over non-operating employees. The total number of supervisory personnel (union and non-union) on the payroll was as follows:

Year, 1950, 8,669; average, Jan.-Nov. 1960, 9,839.

These figures do not include those supervisory personnel who are not separately identified as such in the Canadian classification of railway employees in accordance with which personnel statistics are maintained. The numbers involved, however, are relatively small and are omitted in each of the three periods covered, thereby providing some measure of consistency to the data to permit comparability.

3. Answered by No. 1.

4. Answered by No. 2.

C.N.R. PERSONNEL

Question No. 82—**Mr. Chevrier:**

1. What was the number of non-operating employees of the Canadian National Railways in January, 1939, January, 1942, and 1960?
2. What was the number of supervisory officers engaged in supervision of these employees in 1939, 1942 and 1960?
3. What was the total number of supervisory officers on the payroll in 1939, 1942 and 1960?
4. How many non-scheduled employees (non-supervisory) were there in 1939, 1942 and 1960?
5. How many "methods" employees are currently employed by the company?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

The management of the Canadian National Railways advise as follows:

1. Monthly data for 1939 and 1942 are incomplete, and for these periods annual figures have been substituted. Comparable annual data for 1960 will not be available for another month but the average for the first 11 months of 1960 will permit a reasonable comparison to be made. The average numbers of non-operating employees for the years 1939 and 1942 and for the first 11 months of 1960 were as follows:

Year, 1939, 51,146; year, 1942, 60,604; average Jan.-Nov. 1960, 67,671.

2. Since many supervisory personnel have jurisdiction over other employee groups as well as the non-operating group, it is not possible to identify separately those who have supervisory jurisdiction only over non-operating employees.

3. The total number of supervisory personnel (union and non-union) on the payroll was as follows:

Year, 1939, 6,972; year, 1942, 7,394; average Jan.-Nov. 1960, 9,839.

These figures do not include those supervisory personnel who are not separately identified as such in the Canadian classification of railway employees in accordance with which personnel statistics are maintained. The numbers involved, however, are relatively small and are omitted in each of the three periods covered, thereby providing some measure of consistency to the data to permit comparability.

4. As pointed out in answer to question No. 3, personnel statistics are maintained in accordance with the Canadian classification of railway employees and do not permit separate identification of non-scheduled employees (non-supervisory). In addition, since company check-off of union dues commenced on April 1, 1953, prior separate identification of non-scheduled employees as opposed to scheduled employees was not possible.

5. As at September 1960, there were 175 "methods" employees employed by the Canadian National Railways on Canadian lines. These include work study analysts, methods analysts, machine analysts and material handling analysts.

Questions

INDIAN BAND TRUST ACCOUNTS

Question No. 106—**Mr. Howard:**

1. What is the amount of money held in trust for Indian bands under (a) capital account, and (b) revenue account?

2. Is any of this money invested in securities, and, if so, how much, and in what securities?

3. Have any changes been made in such securities since January 1, 1955, and, if so, (a) what specific changes? (b) have any losses been incurred, and, if so, what losses, and on what dates?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1. (a) $23,802,924.84, (b) $3,550,910.02, (as of January 31, 1961).

2. No.

3. Not applicable.

APPENDIX

UNITED NATIONS SECURITY COUNCIL RESOLUTION ON THE CONGO

A.

The security council

Having considered the situation in the Congo,

Having learnt with deep regret the announcement of the killing of the Congolese leaders, Mr. Patrice Lumumba, Mr. Maurice Mpolo and Mr. Joseph Okito,

Deeply concerned at the grave repercussions of these crimes and the danger of widespread civil war and bloodshed in the Congo and the threat to international peace and security,

Noting the report of the secretary general's special representative (S/4691) dated February 12 bringing to light the development of a serious civil war situation and preparations therefor,

1. Urges that the United Nations take immediately all appropriate measures to prevent the occurrence of civil war in the Congo, including arrangements for cease-fires, the halting of all military operations, the prevention of clashes, and the use of force, if necessary, in the last resort;

2. Urges that measures be taken for the immediate withdrawal and evacuation from the Congo of all Belgian and other foreign military and para-military personnel and political advisers not under United Nations command, and mercenaries;

3. Calls upon all states to take immediate and energetic measures to prevent the departure of such personnel for the Congo from their territories, and for the denial of transit and other facilities to them;

4. Decides that an immediate and impartial investigation be held in order to ascertain the circumstances of the death of Mr. Lumumba and his colleagues and that the perpetrators of these crimes be punished;

5. Reaffirms the security council resolutions of July 14, July 22 and August 9, 1960 and the United Nations general assembly resolution 1474 (ES-IV) of September 20, 1960 and reminds all states of their obligation under these resolutions.

B.

The security council

Gravely concerned at the continuing deterioration in the Congo, and the prevalence of conditions which seriously imperil peace and order, and the unity and territorial integrity of the Congo, and threaten international peace and security,

Noting with deep regret and concern the systematic violations of human rights and fundamental freedoms and the general absence of the rule of law in the Congo,

Recognizing the imperative necessity of the restoration of parliamentary institutions in the Congo in accordance with the fundamental law of the country, so that the will of the people should be reflected through the freely elected parliament,

Convinced that the solution of the problem of the Congo lies in the hands of the Congolese people themselves without any interference from outside and that there can be no solution without conciliation,

Convinced further that the imposition of any solution, including the formation of any government not based on genuine conciliation would, far from settling any issues, greatly enhance the dangers of conflict within the Congo and the threat to international peace and security,

1. Urges the convening of the parliament and the taking of necessary protective measures in that connection;

2. Urges that the Congolese armed units and personnel should be reorganized and brought under discipline and control, and arrangements be made on impartial and equitable bases to that end and with a view to the elimination of any possibility of interference by such units and personnel in the political life of the Congo;

3. Calls upon all states to extend their full co-operation and assistance and to take such measures as may be necessary on their part, for the implementation of this resolution.

HOUSE OF COMMONS

Wednesday, February 22, 1961

The house met at 2.30 p.m.

RAILWAYS, CANALS AND TELEGRAPH LINES

Third report of standing committee on railways, canals and telegraph lines—Mr. Howe.

STARRED QUESTIONS

FIRST GRADE BUTTER PRODUCTION

Question No. 131—**Mr. Pitman:**

1. What percentage of first grade butter produced in Canada is classed as 39-92?
2. What percentage of first grade butter produced in Canada is classed as 40-93?
3. What percentage of butter classed as 39-92 was produced by milk processing plants?
4. What percentage of butter classed as 39-92 was produced by independent creameries?

Mr. W. H. Jorgenson (Parliamentary Secretary to the Minister of Agriculture): Mr. Speaker, the answer is as follows:

1. 64.20 per cent.
2. 31.27 per cent.
3. 20 per cent.
4. 80 per cent.

PIGEON RIVER, ONT. CUSTOMS OFFICE REMOVAL

Question No. 133—**Mr. Benidickson:**

1. Will the provincial government be paying any portion of the moving costs or costs of new buildings that will result from the shifting of immigration and customs facilities from the border crossing located at Pigeon River, Ontario, to a new site at High Falls?
2. If so what portion of costs will be borne by the provincial government?

Hon. Noel Dorion (Secretary of State): Mr. Speaker, the answer to part 1 of this question is no. The answer to part 2 is, not applicable.

HOG CHOLERA

Question No. 134—**Mr. Pitman:**

1. How many cases of hog cholera were reported in Canada in 1960?
2. Did the Department of Agriculture determine the source of infection?
3. Have any steps been taken to ensure that such infection does not recur?

Mr. L. E. Cardiff (Parliamentary Secretary to the Minister of Agriculture): Mr. Speaker, the answer to the first part of the question is that 106 cases of hog cholera were reported in Canada during 1960. The answer to the second part of the question is yes. The answer to the third part of the question is that there can be no positive assurance against a recurrence of infection, but all practical control measures to guard against it are being taken.

FLOOD CONTROL, FAIRFORD RIVER, MAN.

Question No. 135—**Mr. Pickersgill:**

1. Has the federal government contributed to the cost of a flood control project in the Fairford river in Manitoba?
2. If so, under what authority is the contribution being made, and what is the federal share?
3. Has the project actually been started, and, if so, what progress has been made, and when is it expected to be completed?
4. Is the work being performed by contract, and, if so, what is the amount of the contract?

Mr. W. H. Jorgenson (Parliamentary Secretary to the Minister of Agriculture): Mr. Speaker, the answer to the first part of the question is that the federal government has undertaken to contribute to the cost of a flood control project on the Fairford river.

The answer to the second part of the question is that this was authorized by governor in council on October 28, 1960. The federal share is 50 per cent of the cost to the province of Manitoba, not to exceed $300,000, to be charged to the parliamentary appropriation in the main estimates for land protection, reclamation and development.

The answer to part three of the question is that the work is more than half done and will be completed in 1961. The answer to part four is that the work is being performed by contracts let by the province. No claims have yet been submitted to the federal government.

GRAIN STORAGE COST

Question No. 136—**Mr. Boulanger:**

What is the cost of grain storage for each of the years 1957-58-59-60?

Mr. W. H. Jorgenson (Parliamentary Secretary to the Minister of Agriculture): Mr. Speaker, the question is rather ambiguous. It is rather difficult to estimate the total cost of storage if you take into consideration all the people who are involved in the storage of grain. I presume, however, that the hon. member is asking for the storage cost under

the Temporary Wheat Reserves Act. I do have those figures here, and they are as follows:

Crop year	Storage paid by by government
1955-56	$31,486,187
1956-57	28,816,766
1957-58	35,553,509
1958-59	39,825,304
1959-60	43,604,073

POULTRY IMPORTS

Question No. 137—**Mr. Boulanger:**

1. What quantity of chicken broilers, fowl, turkeys and parts, have been imported for the calendar years 1959 and 1960?
2. Are turkey and fowl placed under import control?
3. If so, how many import permits have been issued for turkey broilers, turkey heavier weight, turkey parts, fowl and fowl parts, and chicken broilers imported from the United States during the year 1960?

Mr. E. L. Morris (Parliamentary Secretary to the Minister of Trade and Commerce): Mr. Speaker, the answer to this question requires some statistics, and I wonder whether the hon. member in whose name the question stands, and the house, would consent to allowing the answer to be printed in *Hansard* at this place.

Mr. Speaker: Is the hon. member agreeable?

Mr. Boulanger: Yes.

Mr. Speaker: Does the house agree?

Some hon. Members: Agreed.

[*Editor's note: The answer referred to above is as follows.*]

1. Imports	1959 (12 months) lb.	1960 (11 months) lb.
Chicken & fowl, dead or alive, n.o.p.	7,214,993	15,410,750
Turkeys, dead or alive, n.o.p.	437,980	4,444,298

2. Turkeys, but not fowl, are under import control.

3. In 1960, 77 permits were issued for turkeys and 22 permits for turkey parts imported from the United States. In the issuing of import permits no distinction is made between turkey broilers and heavier weight turkeys. Fowl and fowl parts, and chicken broilers were not under import control in 1960; consequently permits were not required for imports from the United States.

[Mr. Jorgenson.]

UNEMPLOYMENT INSURANCE FUND BALANCE

Question No. 138—**Mr. Robichaud:**

What was the amount remaining in the unemployment insurance fund on the last day of January 1961 as compared with similar dates for the years 1957, 1958, 1959, and 1960?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the answer to this question consists of a series of figures. May I ask that they be printed in *Hansard* without being read?

Mr. Speaker: Does the house agree that this answer be printed?

Mr. Martin (Essex East): They are very short. The answers should be read.

Mr. Pearson: Read them.

Mr. Speaker: Apparently there is some objection. Would the minister read them.

Mr. Fleming (Eglinton):

January 31, 1957	$916,429,487.77
January 31, 1958	$838,917,440.79
January 31, 1959	$586,990,920.89
January 31, 1960	$445,885,387.32
January 31, 1961	$283,742,150.10

UNEMPLOYMENT INSURANCE CLAIMANTS

Question No. 139—**Mr. Robichaud:**

What was the total number of claimants for unemployment insurance benefits on the following dates: February 1, 1956, 1957, 1958, 1959, 1960 and 1961?

Mr. R. D. Thrasher (Parliamentary Secretary to the Minister of Labour): Mr. Speaker, the answer to the question is as follows. As at January 31, 1956, 476,946; as at January 31, 1957, 545,981; as at January 31, 1958, 834,544; as at January 31, 1959, 785,071; as at January 31, 1960, 782,542. The figures as at January 31, 1961 are not yet available.

Mr. Martin (Essex East): That is the way to read.

UNEMPLOYMENT INSURANCE OFFICE, TORONTO—PLANS

Question No. 140—**Mr. Bourget:**

When will the plans and specifications for the construction of an unemployment insurance office in Toronto be completed?

Mr. Y. R. Tassé (Parliamentary Secretary to the Minister of Public Works): Mr. Speaker, the answer to this question is that it was originally expected that the plans and specifications would be completed by April 1, 1961. A basic change in the accommodation requirements has been proposed, and until this has been dealt with it is not possible to say when the plans and specifications will be completed.

[*Later:*]

On the orders of the day:

(Translation):

Mr. Maurice Bourget (Levis): Mr. Speaker, in the absence of the Minister of Public Works, I should like to put a question to his parliamentary secretary. Could he elaborate on the answer he gave a moment ago to question No. 140, to the effect that the department does not know as yet when the plans and specifications for the unemployment insurance building in Toronto will be completed, while in this year's estimates the item concerning this project has been increased from $400,000 to $900,000?

(Text):

Mr. Speaker: Order. The hon. member seems to want to argue about an answer that has been given. If we were to pursue that course we would have interminable debate at this period. Questions may be asked for the purpose of eliciting information but not for the purpose of presenting a point of view.

Mr. Bourget: But, Mr. Speaker—

Some hon. Members: Order.

Mr. Speaker: I will hear the hon. member if he disagrees.

Mr. Bourget: I was just asking the parliamentary secretary how he could reconcile the answer he gave me—

Mr. Speaker: Order. The parliamentary secretary does not have to reconcile answers that are given. That is not the purpose of the question period. If the hon. member wishes to debate it I hope he will defer his debate to the proper time.

FEDERAL BUILDING RENOVATION, KIRKLAND LAKE

Question No. 141—**Mr. Peters:**

1. Was a contract let recently for the renovation of the federal building at Kirkland Lake?
2. If so, in what places was the advertisement for this work published or displayed?
3. How many tenders were received, and from whom?
4. What was the amount of each tender?
5. To whom was the contract awarded, and where does the successful contractor reside?
6. Was any preference given to encourage local contractors under the winter works program?

Mr. Y. R. Tassé (Parliamentary Secretary to the Minister of Public Works): Mr. Speaker, the answer to the first part of the question is yes. The answer to the second part is Kirkland Lake and New Liskeard, Ontario. The answer to parts 3 and 4 is that two tenders were received, one from Hill-Clark-Francis Ltd., of North Bay, Ontario, $53,187, and the other from G. L. Hamilton Construction Ltd., Kirkland Lake, Ontario, $65,000. The answer to part 5 of the question is that the contract was awarded to Hill-Clark-Francis Ltd., of North Bay, Ontario. The answer to part 6 is yes. It was part of the winter works program. Advertising of tenders was limited to the immediate area and the contract specified that preference was to be given to the use of local labour.

BOBCAT PILOT MODELS—DEVELOPMENT COSTS

Question No. 142—**Mr. Rouleau:**

Does the cost of the 20 pilot models of the bobcat plus production tooling, estimated at 3½ million dollars by the Minister of National Defence on February 14, 1961, include the sum of $2,951,371.54 given as the full cost of the development of this carrier up to February 1, 1960, given in the answer to question No. 174, answered February 24, 1960?

Hon. D. S. Harkness (Minister of National Defence): The short answer to this question is, no. The estimate of $3½ million quoted in the house on February 14 last includes the cost of 20 pilot models, production tooling, production improvement and drawings and specifications suitable for the letting of a fixed price contract for the balance of the 500 vehicles authorized.

WHARF REPAIRS, BAY OF ISLANDS, NFLD.

Question No. 143—**Mr. Batten:**

1. What was the hourly rate of wages paid for day labour on wharf repairs at Cox's Cove, Bay of Islands, Newfoundland, undertaken during the year 1960?
2. What was the hourly rate of wages paid for day labour on wharf repairs at Gillams, Bay of Islands, Newfoundland, during the same period?
3. If any substantial difference exists between these two rates, what explanation is given for such difference?

Mr. Y. R. Tassé (Parliamentary Secretary to the Minister of Public Works): In answer to part 1, hourly rates paid at Cox's Cove, Bay of Islands, Newfoundland, on wharf repairs during 1960 were: foreman, $1.30; timberman, $1.20; labourer, $1.

Hourly rates paid at Gillams, Bay of Islands, Newfoundland, on wharf repairs during the same period were: foreman, $2.15; carpenter, $2.00; labourer, $1.35. That answers part 2.

In answer to part 3, rates paid by the Department of Public Works on various projects across Canada are established on the basis of advice from the Department of Labour as to what rates prevail in the area concerned and at the time concerned. The explanation for the difference in this case is that Gillams is closer to Corner Brook than Cox's Cove, and many of the workers in Gillams are actually employed in Corner Brook. Therefore rates in Gillams are affected more by rates prevailing in Corner Brook. Workers at Cox's Cove are mainly involved in fishing and woods work, and the rates paid by the department there are based on rates provided by the labour department survey as prevailing in Cox's Cove and in other centres in the area.

Starred Questions

WHARF COST, ST. JOHN'S ISLAND, NFLD.

Question No. 144—**Mr. Batten:**

1. What was the total cost of construction of the wharf built at St. John's island, St. Barbe, Newfoundland, during the year 1960?
2. What was (a) the total cost of material, and (b) the total cost of labour?
3. From whom were materials bought, and what was the total cost in each case?
4. What were the names of those employed, and the total amount of wages paid to each?

Mr. Y. R. Tassé (Parliamentary Secretary to the Minister of Public Works): The answer to part 1 is $17,017.20. The answer to part 2 (a) is $9,345.54 and the answer to part 2(b) is $7,671.66.

The answer to parts 3 and 4 involves a list of some 25 names and figures, so if the house would allow them to be inserted in *Hansard* as if read that would perhaps be the appropriate course to take.

Some hon. Members: Agreed.

[*Editor's note: The tables referred to above are as follows.*]

3.—Dunphy's Ltd., Curling, $6,494.05; J. E. Billard, Port aux Choix, $1,467.50; J. E. Billard, Port aux Choix, $109.22; John Farrel, Port aux Choix, $73.75; A. O. Parsons, Woody Point, $6.82; John Rumbolt, Castor River, $297.50; Cost of transporting ballast to site by boat, $896.70.

4.—Wm. L. Parsons, foreman, $1,077.12; Clyde Chambers, carpenter, $757.25; Hubert Chambers, labourer, $429.84; George Chambers, labourer, $514.08; Eli Chambers, labourer, $492.08; Michael Eastman, labourer, $334.56; Walter Galliott, labourer, $461.04; William Offrey, labourer, $582.24; Fred Parsons, labourer, $353.52; Joseph Offrey, labourer, $531.43; Henry Galliott, labourer, $510.00; Nelson McLean, labourer, $464.80; Absalom Chambers, labourer, $492.80; Frank Eastman, labourer, $444.24; Peter Offrey, labourer, $44.00; Francis Offrey, labourer, $44.00; Henry Offrey, labourer, $36.00; U.I.C. contributions, $102.66.

PARCEL POST REVENUES

Question No. 145—**Mr. Denis:**

For each of the last five fiscal years, what has been the gross revenues derived from domestic mail parcel post?

Hon. W. M. Hamilton (Postmaster General): The answer to this question is just a column of figures, and perhaps it could be printed in *Hansard* as if read.

Some hon. Members: Agreed.

[*Editor's note: The table referred to above is as follows.*]

Estimated: 1959-60, $22,086,304; 1958-59, $20,860,194; 1957-58, $19,916,979; 1956-57, $19,149,249; 1955-56, $18,163,471.

[Mr. Tassé.]

ESTABLISHMENT OF T.V. FACILITIES, SKEENA

Question No. 146—**Mr. Howard:**

1. Has the Canadian Broadcasting Corporation any plans for the development or establishment of television facilities in the electoral district of Skeena?
2. Have any surveys been made of the need for such facilities, and, if so, what are the results of these surveys, and the areas or communities so covered?
3. When is it expected that such services will be installed, in what communities, and covering what areas?

Hon. George C. Nowlan (Minister of National Revenue): The answer to part 1 is, yes, as a result of numerous representations which have been received in connection with this matter.

The answer to part 2 is, yes. Preliminary studies have resulted in choosing two locations, Prince Rupert and Kitimat, for further study, with the possibility of Terrace being included if further studies indicate that such a scheme is feasible.

In answer to part 3, may I say that corporation management has approved the detailed study of the Prince Rupert-Kitimat proposal. An on the spot survey will be made this spring as soon as weather and road conditions permit. When the survey data is compiled and the cost of the proposal is determined, a decision as to its implementation will be made.

NEWFOUNDLAND—INDIAN AND ESKIMO EXPENDITURES

Question No. 147—**Mr. Granger:**

1. Is there an agreement between the government of Canada and the government of Newfoundland to provide certain payments to Newfoundland in lieu of federal expenditures on Indians and Eskimos in other provinces?
2. If so, how much is paid under this agreement, and for what purposes?
3. What is the estimated number of (a) Indians, and (b) Eskimos, in Newfoundland according to the latest available figures?

Hon. Noel Dorion (Secretary of State): This question involves several departments and I would suggest it be made an order for return.

Some hon. Members: Agreed.

Mr. Speaker: Order for return.

PUBLIC WORKS PROJECTS, 1960-61

Question No. 148—**Mr. Tucker:**

1. What is the total contract value of construction projects which were actually being carried on by the Department of Public Works during the month of January 1961?
2. How many standard post office buildings started in 1960 had been completed, or were under actual construction, up to January 31, 1961?
3. How many slightly larger than standard post office buildings started in 1960 had been completed, or were under actual construction, up to January 31, 1961?

4. What was the estimated cost of furniture and equipment ordered for winter delivery in the winter of 1960-61, up to January 31, 1961?

5. On how many dredging operations was the Department of Public Works actually working at any time since November 1, 1960, and what is the estimated total cost of this work?

6. How many small maintenance and repair work projects for various marine structures across the country was the Department of Public Works actually working on at any time since November 1, 1960, and what is the estimated total cost of this work?

Mr. Y. R. Tassé (Parliamentary Secretary to the Minister of Public Works): This question involves a considerable amount of research, and I wonder if the hon. member in whose name it stands would allow it to be made an order for return.

Mr. Speaker: Is it agreed that this be made an order for return?

Some hon. Members: Agreed.

Mr. Speaker: Order for return.

MAIL CONTRACT, LADYSMITH

Question No. 149—**Mr. Denis:**

1. What is the name of the person who now has the contract for the rural mail delivery at Ladysmith, R.R. 1, Ontario?

2. On what date will such contract expire?

3. Has the said contract been renewed, or will the said contract be renewed in favour of the person who now has it?

4. If not: (a) have tenders been (i) invited (ii) opened? (b) what are the names of the tenderers, and the amount of each tender? (c) to whom was the contract awarded?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, this question inquires about a place entitled Ladysmith, Ontario, which does not exist. I think the hon. member is referring to Ladysmith, Quebec, which does exist.

Some hon. Members: Oh, oh.

Mr. Hamilton (Notre Dame de Grace): Subject to that reservation the answers to the four parts of this question are as follows:

1. Reinhold Pasch.
2. 31st March 1961.
3. No.
4. (a) (i) No. (ii) Not applicable.
(b) Not applicable.
(c) James Turcotte.

[*Later:*]

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, on a question of privilege, we have heard that the Postmaster General tries to be very smart and funny when he says he does not know what the province is. Following the motion I put on the order paper I received a letter written by the district director of the post office, addressed to Mr. R. Pasch, mail contractor, Ladysmith, Ontario. Therefore if I made a mistake in the first place, it was originated by one of his own officials.

Mr. Speaker: Order. The hon. member makes a question of privilege out of a rather minor mistake. I am sure his explanation will be of interest.

[*Later:*]

Mr. Denis: May I direct a question to the Postmaster General following the answer he gave to the house under starred questions to the effect that the contract at Ladysmith, Quebec, if he wishes, will terminate on March 31, that the contractor will be replaced by somebody else and that public tenders will not be called.

I have here a letter from the department and I want the minister to assert whether this report is true and say whether it is the new policy of his department that the new contract for such service is to be awarded to—

Mr. Hamilton (Notre Dame de Grace): On a point of order, Mr. Speaker, it is traditional in this house that correspondence is not read in connection with a question.

Mr. Speaker: I did not hear the Postmaster General.

Mr. Hamilton (Notre Dame de Grace): I believe it is contrary to our accepted practice to read a letter in the house and found a question on it. Questions are intended to be short, direct and to the point, and I suggest that this wandering explanation leading up to the reading of a letter is not within the purview of the question period.

Mr. Chevrier: What citation supports that view?

Mr. Speaker: The hon. member for St. Denis may have a question to ask, but I found difficulty in following what his question was. Could the hon. member state the question he has to ask? Then perhaps we can determine whether there is any need to read the letter.

Mr. Hamilton (Notre Dame de Grace): Further to the point of order, citation 176 of Beauchesne, at page 151, says that on February 24, 1933 a member said he would like to address a question to the minister of labour concerning the town of Transcona. He then read a telegram. Mr. Speaker said:

> The hon. member should ask his question, not read a communication. The communication could have been sent to the minister in charge without it being necessary to read it in the house.

There are further citations to the same effect, pointing out that communications should not be read in connection with questions.

Starred Questions

Mr. Denis: In order to please the Postmaster General I will rephrase my question. I am informed that the contract at Ladysmith will be awarded to somebody else without any tenders being called. I should like to know whether this information is true and, if so, whether it is the new policy of the department to grant new contracts without calling for tenders.

Mr. Hamilton (Notre Dame de Grace): Having answered the question earlier in the day in exactly those terms—that this contract had been awarded to another person and that tenders had not been called—it is hardly within the purview of the question period for an hon. member to stand up immediately afterwards and ask if that is the true situation.

Mr. Chevrier: Why not say you fired the fellow? Give us the facts.

Mr. W. F. Matthews (Nanaimo): I should like to address a question to the Postmaster General, and I hope this continued nagging by the hon. member for St. Denis will not prejudice the interest of my constituents.

Mr. Speaker: Order. The hon. member appears to be making a statement. I suggest we pass to the orders of the day.

COAL MINE OPERATION, CAPE BRETON—SUBSIDY ON LOSSES

Question No. 152—**Mr. Dumas:**

1. Has any estimate been made of the cost (a) to the federal government (b) to the province of Nova Scotia, arising from the subsidy to be applied against company losses from the operation of three coal mines in Cape Breton for a temporary period?
2. If so, what is any such cost to (a) the federal government (b) the province of Nova Scotia?

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, the answer to 1 (a) and 1 (b) is yes. The answer to 2 (a) is $2,150,000. The answer to 2 (b) is $350,000.

LAND ACQUISITION FOR AIRPORTS, PITT MEADOWS

Question No. 156—**Mr. Winch:**

1. Has the federal government acquired land in the municipality of Pitt meadows for airport purposes?
2. If so, how much has been acquired, how much more is to be acquired, and when can final settlement of intended further acquisition be expected?
3. Is it still the intention of the government to proceed with development of an airport at Pitt meadows?
4. If not, what are the intentions regarding properties already obtained in relation thereto?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the answer to part 1 is yes.

As to part 2, approximately 700 acres have been expropriated and settlements have been completed in respect of approximately 655 acres. Of the remaining 45 acres, about 9 acres are owned by the municipality of Pitt meadows and the balance by two individuals with whom it has not been possible to negotiate amicable settlements. These two cases have been referred to the Department of Justice for exchequer court proceedings and cannot be heard until the owners involved have filed statements of defence. At the moment it is not possible to say when such steps will be taken by these two individuals and when their cases will go before the exchequer court. With regard to the land owned by the municipality, there is some question as to whether this is actually required, and the matter is still under consideration.

The answer to part 3 is yes and the answer to part 4, consequently, is not applicable.

PACIFIC GREAT EASTERN RAILWAY

Question No. 157—**Mr. Winch:**

1. Is the government aware that the minister of finance of British Columbia has introduced a bill to authorize payment of advances to the Pacific Great Eastern Railway Company pending receipt of a federal grant, in which it is maintained that the government of British Columbia expects to be subsidized in the sum of $19,812,500 from the federal government?
2. Has the federal government made any commitments to pay these moneys? If so, what amount was committed and has been paid?
3. Has consideration been given to subsidizing the entire construction cost of extending the Pacific Great Eastern Railway from Prince George to the Peace river area? If not, for what reason?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the answers to the three parts of this question are as follows.

1. Yes.
2. (a) No.

(b). The federal government has paid the following subsidies toward the cost of construction of the Pacific Great Eastern Railway:

(i) In 1951-52, for the extension of the line from Quesnel to Prince George, a distance of 82.7 miles at $15,000 a mile and amounting to $1,240,000.

(ii) from 1956 to 1958, for the extension of the line north of Prince George, a distance of 50 miles at $25,000 a mile and amounting to $1,250,000.

3. No.

CLOSING OF CAPE BRETON COLLIERIES—DISCUSSIONS WITH DOSCO

Question No. 158—**Mr. Martin (Essex East):**

1. Were discussions held between the government and representatives of Dominion Steel and Coal Company with respect to the dates of closing of three Cape Breton collieries?
2. If so, who attended such discussions on behalf of the government and on behalf of the company, and on which dates were any such discussions held?

3. Were representatives of the united mine workers present at any such discussions as to dates for closing of the collieries?

4. If so, who was present on behalf of the united mine workers, and what view did any such representatives take as to proposed dates of closing of such collieries?

5. Did the government reach any understanding with company representatives that discussions would not be reopened with respect to the dates of colliery closures as announced on January 9, 1961?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the answers to the five parts of this question are as follows.

1. Yes.

2. Numerous discussions have taken place over a long period of time with respect to this matter. There is no record available of the dates on which many of these discussions took place. The government was represented on all occasions by the Minister of Mines and Technical Surveys and by the Minister of National Revenue and from time to time by the Minister of Labour and by the Prime Minister. The company from time to time was represented by various officials including the president, Mr. A. L. Fairley; the vice president in charge of finance, Mr. Earl Clubb; the vice president in charge of sales, Mr. Charles Appleton; and the general manager, Mr. Harold Gordon.

3. Yes.

4. Present on behalf of the united mine workers were Mr. William H. Marsh, president, district No. 26; Mr. Stephen Dolhanty, vice president; Mr. Michael Higgins, secretary treasurer, and Mr. John E. Delaney, international board member. These representatives asked for postponement of the closing of any collieries, which was accomplished.

5. The answer to this part of the question is no, but the company stated that its decision with respect to the closing of these mines was final and in its opinion in the interests of the coal industry.

[*Later:*]

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I wish to direct a question to the Minister of National Revenue arising out of the reply he gave to starred question No. 158 standing in my name, in which the minister said among other things that the united mine workers had asked for a postponement of the closing down of the collieries. My question is this. Is it not a fact that the united mine workers asked that the collieries should not be closed at all?

Hon. George C. Nowlan (Minister of National Revenue): The answer is no, Mr. Speaker.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NEWFOUNDLAND—INDIAN AND ESKIMO EXPENDITURES

Question No. 147—**Mr. Granger:**

1. Is there an agreement between the government of Canada and the government of Newfoundland to provide certain payments to Newfoundland in lieu of federal expenditures on Indians and Eskimos in other provinces?

2. If so, how much is paid under this agreement, and for what purposes?

3. What is the estimated number of (a) Indians, and (b) Eskimos, in Newfoundland according to the latest available figures?

PUBLIC WORKS PROJECTS, 1960-61

Question No. 148—**Mr. Tucker:**

1. What is the total contract value of construction projects which were actually being carried on by the Department of Public Works during the month of January 1961?

2. How many standard post office buildings started in 1960 had been completed, or were under actual construction, up to January 31, 1961?

3. How many slightly larger than standard post office buildings started in 1960 had been completed, or were under actual construction, up to January 31, 1961?

4. What was the estimated cost of furniture and equipment ordered for winter delivery in the winter of 1960-61, up to January 31, 1961?

5. On how many dredging operations was the Department of Public Works actually working at any time since November 1, 1960, and what is the estimated total cost of this work?

6. How many small maintenance and repair work projects for various marine structures across the country was the Department of Public Works actually working on at any time since November 1, 1960, and what is the estimated total cost of this work?

MOTIONS FOR PAPERS

Mr. Speaker: The hon. member for Bonavista-Twillingate (Mr. Pickersgill) raised a point of order under this heading when it was last called. He has advised me that he will not be able to be here today and has requested that the matter stand until Monday.

URANIUM PURCHASES BY U.S.

Motion No. 46—**Mr. McIlraith:**

For a copy of all correspondence, telegrams and other documents exchanged between the Canadian government, on the one hand, and the United States government on the other, since August 29, 1959, on the subject of the purchase of uranium by the United States of America from Canada.

Hon. Howard C. Green (Secretary of State for External Affairs): I am advised that there are no such documents, Mr. Speaker.

Mr. Speaker: In the circumstances is the hon. member prepared to withdraw his motion? Is it agreed that the motion may be withdrawn?

Some hon. Members: Agreed.

Order discharged and motion withdrawn.

Motions for Papers

ROADS TO RESOURCES PROGRAM, QUEBEC

Motion No. 49—**Mr. Martel:**

For a copy of all contracts and agreements entered into by the federal government and the province of Quebec with respect to the roads to resources program, together with copies of all riders and schedules pertaining thereto.

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, I have been in touch with the hon. member in connection with this order. I have provided him with a copy of the roads to resources agreement between the federal government and the province of Quebec. There is only one agreement and no riders or schedules pertain thereto. In the circumstances the hon. member has agreed that there would seem to be no need to make a formal return to this motion. I might add that all these roads to resources agreements have been tabled in the house and are available to all hon. members.

Mr. Speaker: In the circumstances does the house agree to the hon. member's motion being withdrawn?

Some hon. Members: Agreed.

Order discharged and motion withdrawn.

ORDERS IN COUNCIL FIXING DUTIES

Motion No. 50—**Mr. Benidickson:**

For copies of orders issued by the Minister of National Revenue since December 1, 1958, under the provisions of section 38 of the Customs Act for the purposes of fixing duties.

Hon. George C. Nowlan (Minister of National Revenue): With reference to the point you raised a moment ago, Mr. Speaker, I am prepared to accept this motion subject to the usual reservations. I understand however that at the request of the hon. member for Bonavista-Twillingate, consideration of this order is being deferred until his return when you will rule thereon.

Mr. Speaker: In view of the point of order taken, is it agreed that this motion stands?

Some hon. Members: Agreed.

Motion stands.

CAMPBELLTON-CROSS POINT BRIDGE

Motion No. 54—**Mr. Robichaud:**

For a copy of all correspondence, telegrams, and other documents exchanged since June 21, 1957, between the federal government or any agency or department thereof, not including the Department of Public Works, with any individual, engineering consultant firms or others, in connection with plans and specifications for the Campbellton-Cross Point bridge, including correspondence exchanged with any groups or syndicate prior to the approval of the project and up to this date.

Hon. Noel Dorion (Secretary of State): I request that this motion stand.

[Mr. Speaker.]

Some hon. Members: Why?

Mr. Martin (Essex East): Perhaps the hon. gentleman could explain.

Mr. Dorion: In deference to the Prime Minister I ask that it stand.

Motion stands.

REMOVAL OF GENERAL MOTORS PLANT FROM WINDSOR

Motion No. 56—**Mr. Martin (Essex East):**

For a copy of any written communication or a record of any exchange between the government and General Motors on the subject of an unfounded report of a removal of General Motors plant from Windsor.

Hon. Noel Dorion (Secretary of State): This motion is accepted.

Motion agreed to.

MAIL CARRIER, LADYSMITH

Motion No. 57—**Mr. Denis:**

For a copy of a petition to the Postmaster General or his department from a group of citizens of Ladysmith, R.R. 1, Ontario, regarding the service of the mail carrier, Mr. R. Pasch.

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, there is still, since my last observation, no place known as Ladysmith, Ontario. If the hon. member is referring to Ladysmith, Quebec, we will accept the motion.

Mr. Denis: Mr. Speaker, I used the name "Ladysmith" because this place is known as Ladysmith and it has been so named by the minister's own officials. I have a letter from the Post Office Department, and the officer of the department called the place Ladysmith, rural route No. 1, Ontario.

Mr. Speaker: The hon. member's motion refers to Ladysmith, R.R. 1, Ontario. I understand the Postmaster General indicates that the post office is in Quebec. Will the house consent to the appropriate change being made in the motion?

Some hon. Members: Agreed.

Mr. Speaker: The word "Ontario" will be changed to "Quebec". Is it the pleasure of the house to adopt the motion with the change made?

An hon. Member: On division.

Motion agreed to.

BUSINESS OF THE HOUSE

MONETARY POLICY—INQUIRY AS TO REFERENCE TO BANKING COMMITTEE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the

Minister of Finance whether it is the intention of the government to refer the question of monetary policy, and more particularly government responsibility with regard to it, to the banking and commerce committee for examination during this session?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the latter part of the question in respect of these allegations of responsibility was disposed of yesterday. I think there is no further inquiry called for, and certainly it is precluded by the decision taken by the house yesterday.

As to the first part of his question, this is a matter that was raised several times earlier. I pointed out, Mr. Speaker, that normally the annual report of the governor of the Bank of Canada reaches the minister's desk about March. This question can be taken into consideration in the light of that report.

Hon. Paul Martin (Essex East): Mr. Speaker, I would like to ask a supplementary question. Is it the intention of the government to cause an investigation to take place into any aspect of the operation of the monetary policy of the government or the Bank of Canada other than that properly proposed by the Leader of the Opposition, namely a committee of this house?

Mr. Fleming (Eglinton): Mr. Speaker, the curiosity of the hon. gentleman is more evident today than it was yesterday. If it became government policy to arrange for any such inquiry at any time I should be glad to see that the hon. member for Essex East is acquainted with this fact after it has been announced in the house.

EXTERNAL AFFAIRS

LAOS—REASSEMBLING OF SUPERVISORY COMMISSION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, in view of the report that Russia has given a reply favourable to restoring the Laos international commission, I wonder if the Secretary of State for External Affairs could give us any comment as to whether this new commission is likely to be re-established.

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, there have been two developments of major significance in respect of Laos during the last few days. The first was that the Soviet union replied on February 18 to the proposals made by the United Kingdom about the reconvening of the international supervisory commission for Laos. These exchanges between the co-chairmen of the Geneva conference—that is the United Kingdom and the Soviet union—are, of course, confidential, and must remain so until the co-chairmen decide to make them public. I can, however, say that further discussions between the co-chairmen appear likely. Canada has, of course, a direct interest in the outcome of these discussions because, as I informed the house on January 16, we are willing, if the United Kingdom and the Soviet union as co-chairmen of the Geneva conference so request, and subject to the agreement of the king of Laos, to appoint a Canadian representative to the commission.

The second development was a declaration on February 19—one day later—by the king of Laos in which he pointed out that the policy of the royal Laotian government is one of non-alignment, non-interference and good neighbourliness; that is to say a policy of neutrality. Further, the king appealed to all countries to respect the independence, sovereignty, territorial integrity and neutrality of Laos, and to renounce all intervention in the internal affairs of the kingdom, even in the form of aid if not sanctioned by international agreements. He went on to express the hope that Cambodia, Burma and Malaya, all close neighbours would form a commission to proceed to Laos in order to establish that the country threatens no one and aspires solely to peace. The purpose of the commission would be to take action to denounce all foreign intervention, direct or indirect, which would imperil the kingdom's independence, integrity and neutrality.

I should like to remind the house that the maintenance of the sovereignty, independence, unity and integrity of Laos, and peace and stability in southeast Asia, are objectives which Canada has sought to promote for many years. In line with this policy, Canada welcomes the declaration of neutrality made by the king of Laos on behalf of his government and his people, and will continue to respect and support the independence, sovereignty and neutrality of the kingdom, as it has in the past.

With these two suggestions having been made the situation is unclear at the moment. It may be that there will have to be some joining together of the two proposals, but at the present time I am not sure just what will happen with regard to the commission in respect of Laos.

Mr. Argue: I wonder whether the minister would care to comment on a further press report that Britain and the United States appear to be shifting position and favouring the formation of a commission of neutral observers?

Mr. Green: I believe the government of the United States has approved of the declaration made by the king of Laos, and that

subsequently the government of the United Kingdom indicated that it thought this might be a good idea. So at the moment we are between the two commissions.

Hon. Paul Martin (Essex East): A supplementary question, Mr. Speaker. The other day the Prime Minister tabled an invitation from Prince Sihanouk of Cambodia for a 14-power conference with regard to the Laos situation. He did not table the reply of the government of Canada to that proposed arrangement. Would the minister tell us what reply Canada made to the proposal for such a conference?

Mr. Green: I am not certain, but I think the hon. member is wrong, and that on February 8 Canada's reply to that communication from Prince Sihanouk was tabled, or in any event that a summary was given to the house at that time.

BROADCASTING

WINNIPEG—PROTESTS RESPECTING LICENCE FOR STATION CKY-FM

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. Has the minister received any representations protesting the granting of a licence to CKY, Winnipeg, to operate a frequency modulation station on a frequency of 103.1 megacycles? If so, has he conveyed these representations to the chairman of the board of broadcast governors, and will he tell the house what reply he has received?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, offhand I would say no, I have not received any. It is our practice in the office to send these immediately to the board of broadcast governors, or the corporation, as the case may be, and it is possible that I received something in writing and passed it on to the board for their opinion and comment. I will check on the matter and advise the house in the near future.

POWER

COLUMBIA RIVER—INQUIRY AS TO CURRENT NEGOTIATIONS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Finance. I rarely bother him. Could the minister inform the house whether diplomatic relations have been re-established between the Minister of Finance and the premier of British Columbia in connection with securing an agreement on the development of the Columbia in Canada?

Hon. Donald M. Fleming (Minister of Finance): There has been no change on the part of the federal government. I think I will have to direct the hon. member, as to the balance of his question, to another source. I have not had any reply to the letter I wrote Premier Bennett several weeks ago, and which I tabled in the house at that time.

Mr. Herridge: Mr. Speaker, a supplementary question. Will the Minister of Finance be taking up this question with the premier of British Columbia when he arrives in Ottawa for the dominion-provincial conference?

Mr. Fleming (Eglinton): I do not know precisely when Premier Bennett is arriving, but I believe he will be here tomorrow and Friday. I shall be glad to have the opportunity of discussing with him the making of arrangements for the discussions which were proposed.

DOMINION-PROVINCIAL CONFERENCE

FEDERAL PROPOSALS RESPECTING TAX SHARING

On the orders of the day:

Hon. Paul Martin (Essex East): As the Minister of Finance is shortly to be engulfed by the premiers in his confrontation with them, does he believe that he can tell the house what kind of policy he proposes, in principle, to outline to the provinces when he meets with the premiers tomorrow in connection with this very important matter?

Hon. Donald M. Fleming (Minister of Finance): The usual generous policy, Mr. Speaker.

UNEMPLOYMENT—INQUIRY AS TO FEDERAL PROPOSALS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Finance whether at the dominion-provincial conference which opens tomorrow the government intends to propose to the provinces ways and means of mitigating the present unemployment problem?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, this is a fiscal conference called for the purpose of discussing fiscal arrangements for the period commencing April 1, 1962.

Hon. Paul Martin (Essex East): Mr. Speaker, I wish to direct a supplementary question to the Minister of Finance. Does the minister propose to take advantage of the presence of the provincial governments

to discuss the government's policy regarding the designation of depressed areas and the federal government's policy in connection therewith?

Mr. Fleming (Eglinton): Mr. Speaker, I never take advantage of anything or anybody, not even the hon. member for Essex East.

Mr. Martin (Essex East): A further supplementary question, Mr. Speaker. Since the minister will not take advantage of me, will he not on behalf of the federal government begin to do something about this serious problem of unemployment, instead of carrying on day by day doing nothing?

Mr. Fleming (Eglinton): Mr. Speaker, I am interested in the impetuous impatience of the hon. member for Essex East.

Mr. Martin (Essex East): Impatience is right.

Mr. Fleming (Eglinton): May I point out, however, that neither the hon. gentleman nor his leader displayed any interest in this question two days ago, when they had an opportunity of selecting the subject for debate on the supply motion.

Mr. Martin (Essex East): Mr. Speaker, the minister has made a reflection on the Leader of the Opposition.

Mr. Speaker: I agree that the hon. member's point is well taken.

Mr. Martin (Essex East): I was about to state my point more clearly, Mr. Speaker.

Mr. Speaker: I agree that the minister took an opportunity which was not his to make a statement, but it is neither a question of privilege nor a point of order.

Mr. Martin (Essex East): Mr. Speaker, may I ask a further supplementary question.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): Oh, my hon. friends opposite do not like us to discuss anything, but we are going to discuss unemployment. Having in mind what the minister said, Mr. Speaker, do you not think the minister owes it to this house to withdraw those words? If he does not withdraw those words I simply suggest to the minister that if there has been any disregard for the unemployed, it lies on the doorstep of this government.

Mr. Hees: Stop smiling.

Mr. Speaker: I trust there will be an early opportunity to continue the debate.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, in the light of the answer just given by the Minister of Finance may I ask the acting house leader if he will now reconsider the announcement made last evening and allow the house to proceed at once to a consideration of the labour estimates so that we may examine the relevant minister thereon?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the opposition having had an opportunity, at the invitation of the Prime Minister, to discuss the question of unemployment on the motion to go into supply—an invitation which hon. gentlemen opposite saw fit to refuse—we will not be calling the labour estimates tomorrow.

Mr. Martin (Essex East): The government violated its promise.

Mr. Speaker: Order.

(Translation):

PRIVILEGE

MR. DESCHATELETS—REFERENCE TO STATEMENT BY SECRETARY OF STATE

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I rise on a question of privilege with regard to an answer given to me in this house last January 31 by the Secretary of State.

My question is based on the transcript of the television program involved that has just been made available to me.

(Text):

Mr. Speaker: Order. I understand the hon. member wishes to rise on a question of privilege on a reply given to him in the house on January 31. Since the hon. member has not raised the question before, I would think that he should first establish his right to raise it at this late date.

Mr. Deschatelets: I was just about to give the reason this question was not raised before. I have just this morning received the transcript of the notes of the program concerned, so that I was not able to do it before. That is the reason for my question.

(Translation):

Mr. Speaker, last January 31, I put to the Secretary of State the following question which appears on page 1 of the appendix to *Hansard* for that date:

> Is it true that last Sunday evening the Secretary of State stated over the French television network that the percentage of unemployed was lower in Canada than in the United States?

The Secretary of State then gave the following answer:

> Mr. Speaker, I do not recall making any such statement. I might have said something along that line. but certainly not in those terms.

I now have here the transcript of the statement made on television last January 29 by the Secretary of State. This is exactly what he said:

In that regard, I must point out however that the percentage of unemployed in the United States is higher, not much, but higher than in Canada.
(Text):

Mr. Dorion: Mr. Speaker, may I raise a point of order?

Mr. Speaker: If the hon. member wishes to raise a point of order I will hear him.

Mr. Chevrier: The minister cannot raise a point of order on a question of privilege. A question of order cannot be raised on a question of privilege.

Mr. Ricard: It is up to Mr. Speaker to decide that matter.

Mr. Speaker: It is my view that a point of order could arise on a question of privilege. It cannot arise, of course, when a point of order is being discussed. But if our proceedings are out of order in dealing with a question of privilege, I see no reason why the point of order should not be stated before the matter of privilege has been fully dealt with.

Mr. Chevrier: The question of privilege has not been fully stated.
(Translation):

Hon. Noel Dorion (Secretary of State): Mr. Speaker, I rise on a point of order, because the very character of the words just spoken by the hon. member indicates that this is by no means a question of privilege. I believe, Mr. Speaker—
(Text):

Mr. Speaker: Order. It is for the Chair to determine whether there is a question of privilege raised by what has been said. I think the minister is premature in raising that matter as a point of order. If the hon. member's facts are accepted and if the notes are accepted as being an account of what was said, I have some doubt whether it raises a question of privilege in any event. It may indicate that in his reply the minister was not accurate, but that is not necessarily a question of privilege unless some attempt has been made to deceive the house. I think I should hear the balance of the notes and then give the minister the opportunity to reply.
(Translation):

Hon. Leon Balcer (Minister of Transport): Before the hon. member goes any further, may I be allowed to point out that on several previous occasions my hon. friend happened to quote documents in this house, by simply saying: I have here the transcript of a lecture which was given. But I think that before going on with his remarks, he should give some reference as to the source of his information and the transcriber of those notes.
(Text):

Mr. Speaker: That is perfectly correct. The hon. member who is setting up some document as against an answer he received should verify the document, what it is and its authenticity.
(Translation):

Mr. Deschatelets: This document which I was reading when I was interrupted comes from the C.B.C.—

Some hon. Members: Oh, oh.

Mr. Deschatelets: It is the verbatim transcription of a program televised on January 29, 1961, when the Secretary of State held a press conference.

I shall now go on with his statement, just quoting a few lines, and after having read those lines, I shall state the basis for the question of privilege which I am submitting.

Mr. Fortin: State the question of privilege first.
(Text):

Mr. Speaker: Order. I should like the hon. member to give the basis of his question of privilege before he proceeds.

Mr. Deschatelets: Mr. Speaker, on television at a press conference the Secretary of State gave figures indicating that there was more unemployment in the United States than we had in Canada at that time.

Mr. Ricard: What is the question of privilege?

Mr. Deschatelets: That was his statement. When I asked him a question in the house the Secretary of State did not correct his statement, which was not correct. Since this program has been shown on many stations, I think I have the right today to correct the situation.

Mr. Speaker: If the hon. member is simply contradicting something which has been said, that is not a matter of privilege. If we raised questions of privilege every time we disagreed with what had been said on the other side of the house, it would result in perpetual questions of privilege. If that is the hon. member's question of privilege I think he has misinformed himself as to the extent of privilege. All he is saying is that he disagrees with the answer which was given to him, or that he contradicts the answer which was given to him by the minister.

Mr. Chevrier: Your Honour a while ago indicated that you were going to allow the hon. member to state his question of privilege by completing the reading of the notes.

Some hon. Members: No.

Mr. Chevrier: Then Your Honour asked the hon. member to state what the question of privilege was. The hon. member stated it. I am saying to Your Honour with deference that there is a question of privilege because,

in answer to a question put by an hon. member in the House of Commons, a categorical answer was given by the minister which is contradicted by a statement made over television. Surely in this House of Commons there is a responsibility resting upon ministers of the crown to make statements which are in conformity with the facts.

Mr. Speaker: I listened carefully to the reply given by the minister to the answer which was read. It seemed to me that the reply was of such a general nature that one could not raise a question of privilege, even if the minister were incorrect in his account of what he had said. It was on that basis that I wanted the hon. member who has raised the point to indicate exactly where he feels there is privilege. He has not satisfied me that there is any question of privilege arising out of these circumstances.

Mr. Pearson: Mr. Speaker, for guidance may I ask whether it is a question of privilege if a minister in this house gives information on a certain point and then outside the house over the radio gives different information on the same point? Is that a question of privilege or is it not, Mr. Speaker?

Mr. Argue: On a point of order, Mr. Speaker—

Mr. Speaker: Order. Is the Leader of the Opposition stating that is the situation? The notes are of a broadcast on which the question was based as I understand it. Is that correct?

Mr. Chevrier: It is a tape.

Mr. Deschatelets: Mr. Speaker, will you allow me to read the statement?

Mr. Speaker: Order. I have asked the hon. member to state what is the question of privilege involved.

Mr. Ricard: He does not know.

Mr. Speaker: Order. If he feels that some specific answer which he received was incorrect in some respect and raises a question of privilege, I would like the hon. member to state to the house the words complained of and to what extent he says they are incorrect. Then I can determine whether there is any point of privilege. I do not wish the hon. member to introduce contradictory material until he has first stated the matter of privilege which he claims.

(Translation):

Mr. Deschatelets: Here is the statement:

In that regard—

Some hon. Members: Order.

Mr. Deschatelets:

The percentage of unemployed in the United States—

Mr. J. O. Latour (Argenteuil-Deux-Montagnes): Mr. Speaker, on a point of order. The hon. member for Maisonneuve-Rosemont—

Some hon. Members: Order.

(Text):

Mr. Speaker: Order. The hon. member understands that I am asking him to indicate what part of the answer and in what respect he thinks a question of privilege arises before he goes on to cite contradictory matter.

Mr. Deschatelets: In his statement on the—

Mr. Speaker: Order. Is the hon. member rising on a point of order?

(Translation):

Mr. Latour: On a point of order, Mr. Speaker. The hon. member for Maisonneuve-Rosemont rises on a question of privilege and, to prove his point, he quotes a document received from the C.B.C. I imagine that at the C.B.C., there are some responsible people. Can he tell us who signed the document on behalf of the C.B.C.?

(Text):

Mr. Speaker: With respect to the point raised, the hon. member for Maisonneuve-Rosemont is not quoting the letter to which he has referred; he is now indicating what is his question of privilege arising out of the answer. Unless he can establish a question of privilege I propose to close the matter.

Mr. Deschatelets: Mr. Speaker, the Secretary of State made the statement on television that unemployment in proportion, is higher in the United States than in Canada. This is contrary to fact.

Mr. Ricard: State your point of privilege.

Mr. Deschatelets: When I asked the Secretary of State about this in the house, he should have corrected the statement. He failed to do so. Since I have the transcript here, I would like to read the statement he made on television.

Some hon. Members: No.

Mr. Speaker: Order. I cannot accept this as a question of privilege. Whether or not what the Secretary of State said is contrary to fact is not something that can be specifically established. It is largely a matter of opinion. If the hon. member wishes to contradict the minister he will have plenty of opportunity to do so during debate.

[*Later:*]

(Translation):

Mr. Louis Fortin (Montmagny-L'Islet): Mr. Speaker, I learned a few moments ago from

the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) that certain hon. members enjoy the privilege of access to C.B.C. official records. Therefore, may I ask the Minister of National Revenue if he would find out from the C.B.C. what conditions are required, and what political party one must belong to in order to be granted access to the C.B.C. records?

(Text):

Hon. George C. Nowlan (Minister of National Revenue): I will inquire and see what clandestine political influence or interference is necessary in order to get such information.

[*Later:*]

Mr. Speaker: The hon. member for St. Mary.

Mr. Azellus Denis (St. Denis): I should like to address a question to the Postmaster General—

Mr. Speaker: I recognized the hon. member for St. Mary, which sounds not unlike St. Denis.

Mr. Georges Valade (St. Mary): I beg you, Mr. Speaker, not to insult my constituents by calling me the hon. member for St. Denis. I should like to direct a question to the Minister of National Revenue in French. Although it is a question which seems to be like the one which was asked by the hon. member for Montmorency, I think there is a slight difference. I am sorry; I should have said by the hon. member for Montmagny-L'Islet.

(Translation):

Could the minister tell the house if the C.B.C. or its employees are authorized to send to hon. members, or to anyone else, the transcript of talks or political speeches made over its stations?

(Text):

Mr. Nowlan: I am sure there are regulations dealing with this matter which I do not want to discuss at the moment. That is why I say I want to see the exercise of whatever influence may be necessary in order to achieve such a result. I will answer the question when I get the information.

Mr. Valade: A supplementary question. If this permission is not allowed, would the minister take disciplinary action against those responsible?

Mr. Speaker: The hon. member is getting a little ahead of the game. The question is hypothetical.

AIRPORTS

MALTON—REPORTED HOLD-UP OF RUNWAY EXTENSION

On the orders of the day:

Mr. John Pratt (Jacques Cartier-Lasalle): Mr. Speaker, I should like to direct a question to the Minister of Transport. An article appeared in the Toronto *Telegram* of February 21 under the by-line of Harvey Currell, in which it was stated:

> Toronto township councillors have blocked extension of a runway at Malton airport until dominion Department of Transport officials are ready to tell them how loud jet noise will be from the big expanded jetport. They also want to know how big the airport can be expected to become in future years and how much valuable land will have to be kept sterile as a result.

Would the minister care to comment on this report, and also is he prepared to ask his department to consider the advisability of using such excess, sterile land around the perimeter of airports for parks and recreational purposes for the benefit of adjacent communities as some small recompense for the increased hazards and nuisances created by the advent of jet-powered aircraft operating out of these airports?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I am not aware of any runway hold-up at Malton airport. As far as runway construction is concerned, we own all the land necessary for our program this year and there will not be any hold-up at this airport.

With regard to the second part of the quotation, I must say that these councillors of Toronto township have asked for a meeting with the officials of my department to discuss this matter, and my officials are at the present time arranging such a meeting for some time in March.

As far as the last part of the quotation read by the hon. member is concerned, it is certainly an interesting proposition; but I would like to point out to him that these lands around the perimeter of airports are very often extremely useful for secondary industries.

(Translation):

TRANS-CANADA HIGHWAY

STATEMENT BY ASSOCIATE DEFENCE MINISTER

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Associate Minister of National Defence.

Since the minister attended the meeting of protest against the proposed route of the trans-Canada highway, held in Dorion by

the hon. members for Vaudreuil-Soulanges and for St. James, is he now in a position to tell the house whether he concurs in the views expressed by his two colleagues at that meeting?

An hon. Member: He has nothing to do with that.

Hon. Pierre Sevigny (Associate Minister of National Defence): Mr. Speaker, since members of the opposition these days seem prone to demand affidavits I would suggest that my hon. friend approaches the 500 or 600 persons who attended that meeting. Those persons, in order to satisfy my hon. friend's curiosity, will be able to tell him that at the very beginning of the speech I made on that occasion, I stated that knowing nothing about the building of a bridge to connect with Ile aux Tourtes instead of Ile Perrot, I would say nothing about it. So, having said nothing, I feel that the hon. member's question has no foundation in fact.

Really, Mr. Speaker, once again in reply to the hon. member, I must say that if members of the opposition keep on talking about nothing, they will soon be considered as men of—well I leave that up to them to decide.

Mr. Chevrier: Mr. Speaker, a supplementary question. Can the minister tell the house whether he concurs in the opinion of his two colleagues?

Mr. Sevigny: Mr. Speaker, in reply to the hon. member—

(Text):

Mr. Speaker: Order. If I am not mistaken, the question relates to the trans-Canada highway route, which is the responsibility of the Minister of Public Works.

Mr. Chevrier: That is right, sir, but it was made a question of privilege by my hon. friend yesterday who rose before the orders of the day to explain his position. I am asking the associate minister now whether he is of the same opinion as his two colleagues from Vaudreuil-Soulanges (Mr. Bourbonnais) and St. James (Mr. Campeau).

Mr. Speaker: His opinion in that matter is not an administrative one and could not be inquired into.

Mr. Chevrier: Then he should not have expressed his opinion.

HOUSING

YUKON TERRITORY—INQUIRY AS TO FEDERAL ASSISTANCE

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, I should like to direct a question to the Minister of Northern Affairs and National Resources. In his absence yesterday I gave notice to the officials of his department of my intention to ask this question.

In view of the very urgent need for a policy of housing reform in the Yukon generally and in Whitehorse particularly, can the minister say whether the federal government intends to assist in any way in the immediate relief of a situation which is causing serious health and welfare problems?

Hon. Walter Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, I thank the hon. member for his interest in this matter, and I am happy to inform him that an urban renewal program is being developed for the city of Whitehorse to meet the problems mentioned in his question.

The federal government is prepared to lend the territory $145,000 both to purchase land for a new subdivision and to lend the city of Whitehorse funds for roads and utilities. It is estimated that over 100 families will find accommodation in this new area. We are also providing $25,000 to assist in moving to this subdivision or to other approved lots and houses which meet the area's building standards.

The federal government will also participate in a $300,000 low rental apartment project similar to urban renewal apartments in the south. This will provide at least 35 housing units. We will meet our normal 75 per cent share of the cost and are prepared also to lend the territorial government the remaining 25 per cent to encourage early development.

Finally, my department is studying details of a proposal to establish, in co-operation with the territorial government, a home building loan fund to help meet the need in the territory for funds to construct less expensive houses than those which can be approved under N.H.A. regulations. It is hoped that this study can be completed in time for the 1961 construction season in the territory.

AIR TRANSPORT

REQUEST FOR STATEMENT ON USE OF JP-4 FUEL

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to ask the Minister of Transport whether he has anything more up to date to tell us than his recent statement about the safety issue involved in the use of JP-4 jet fuel, in view of the fact that controversy is still raging since the crash of the Mexican jet in New York, and in the light of the fact that British airway companies in the main have ruled out the use of this fuel by their aircraft.

Hon. Leon Balcer (Minister of Transport): I am sorry, but I have no statement to make on that subject.

Inquiries of the Ministry

NATIONAL REVENUE

FREE PORTS—INQUIRY AS TO NUMBER AND VOLUME OF BUSINESS

On the orders of the day:

Mr. D. R. Mitchell (Sudbury): I wish to direct a question to the Minister of National Revenue. I have already given him notice. Could the minister indicate to the house the number of free ports existing in Canada at the present time and their location? I have a second question to address to the hon. gentleman and perhaps he has not had enough time in which to prepare an answer, in which case he might take the question as notice. What was the volume of business at each of the ports during 1960?

Mr. Speaker: Order. Unless the hon. member has given notice I suggest that he put the question on the order paper, as it calls for statistical information.

NATIONAL DEFENCE

ABILITY OF R.C.A.F. TO CARRY OUT INTERCEPTOR ROLE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I wish to direct a question to the Minister of National Defence arising out of a statement he made last week in Toronto to the effect that the role of the R.C.A.F. was to intercept and identify intruders in our air space. Is the minister satisfied that this role can be performed by a reduced number of squadrons equipped with CF-100's?

Hon. D. S. Harkness (Minister of National Defence): What the Leader of the Opposition is attempting to do is to get me to make a statement on policy, which is not our custom on orders of the day.

UNITED NATIONS

DISCUSSIONS WITH U.S. RESPECTING ADMISSION OF RED CHINA

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wish to direct a question to the Secretary of State for External Affairs arising out of a report that at his forthcoming conference with Prime Minister Macmillan, President Kennedy will propose the admission of China to the United Nations on the ground that this will increase the chance of bringing about world disarmament. My question is, did the Prime Minister of Canada or the Secretary of State for External Affairs discuss this question with President Kennedy during their recent visit to Washington?

[Mr. Balcer.]

Hon. Howard C. Green (Secretary of State for External Affairs): The Prime Minister made a statement to the house on his return from Washington on Monday, and it would be very improper for me to add to that statement.

Mr. Argue: Could the minister say whether Canada has given any recent consideration to supporting the admission of China to the United Nations?

Mr. Speaker: Order. I think the hon. member is endeavouring to secure an answer in relation to policy regarding a matter which is very controversial and important. He would not expect to get an answer to a question of that kind on orders of the day.

COAL

RAND REPORT—STATEMENT ON PUBLICATION OF COMMENTARY

On the orders of the day:

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, on February 15, on the orders of the day, the hon. member for Gloucester asked whether the Prime Minister had received a request from the island of Cape Breton requesting the government to make public a commentary prepared by Mr. Vissac on the report of Mr. Justice Rand.

The reply is that two such requests were received at the Prime Minister's office on February 14, one from the Holy Name Society of Glace Bay and the other from the Reserve Mines credit union association. Mr. G. A. Vissac, as a member of the dominion coal board, submitted his comments on the royal commission on coal in the form of a report for the consideration of his colleagues on the board. His comments have since been made available by the board to the interdepartmental committee of officials currently engaged in a study of the Rand report. It is not the practice to publish working papers of this kind.

Mr. W. C. Henderson (Cariboo): Mr. Speaker, I should like to direct a question to the Acting Prime Minister and inquire whether the hon. member for Timmins (Mr. Martin) has crossed the floor.

Mr. Benidickson: He is almost a parliamentary secretary.

Mr. Martin (Timmins): Mr. Speaker—

Mr. Speaker: If the hon. member attempted to speak from his present position it would undoubtedly be true.

Mr. Green: Mr. Speaker, we are very glad to welcome the hon. member for Timmins.

Mr. Argue: We hope he will bring some of you back with him.

CANADIAN NATIONAL RAILWAYS

QUEBEC—AUTHORITY FOR CONSTRUCTION OF BRANCH LINE

Hon. Leon Balcer (Minister of Transport) moved that the house go into committee to consider Bill No. C-69, respecting the construction of a line of railway in the province of Quebec by Canadian National Railway Company from a point at or near mile 72 of the Kiask Falls subdivision in a northwesterly direction to a point in the vicinity of Mattagami lake.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

On clause 1—*Construction and completion. (Translation):*

Mr. Chevrier: Is the minister going to make a statement following the discussion on this bill which took place in the railway committee?

Mr. Balcer: Mr. Chairman, I have nothing to add for the moment, but I might, perhaps answer certain questions.

Mr. Chevrier: With regard to the discussion held in this house a few days ago and the one which took place in the committee, I refer the minister to page 2191 of the French *Hansard* where I asked the minister whether he was going to give us some information later and he replied:

Certainly, with pleasure.

I continued:

The total amount of expenses and profits?
Mr. Balcer: Yes, you will definitely be provided with these figures.

What I was asking for at the time, Mr. Chairman, was a general statement on the operations of this line showing both revenues and expenses in order that the house may have a general idea of its economic feasibility. As the minister knows, Canadian National employees when faced with this question could not give me a satisfactory answer. Moreover, when some members asked for the production of the agreement passed between Canadian National and Mattagami Lake Mines Limited, I think that the railway employees objected to it. I did not press for the production of this document any more than the other members. But without such information which I deem necessary for a proper consideration of the bill, I would now ask the minister who promised to supply this information to have it printed in *Hansard.*

Mr. Balcer: It is quite true, Mr. Chairman, that I said at the resolution stage that I would give as much information as possible about the revenues and expenses of this railway. Now, my hon. friend has had the opportunity to ask questions when this matter was under discussion before the committee, and the witness representing the Canadian National Railways supplied him with a great deal of information. In fact, he declined to give him information on only one particular point, claiming that it was not in the interests of the C.N.R. at this time to give definite information on the matters raised by my hon. friend.

I believe, Mr. Chairman, that, so far, we have given a lot of information. Besides, I stated personally when the resolution was under consideration, that the revenues from that line would cover all operating and maintenance expenses as well as pay off the cost of construction of this line, plus the interest.

In fact, the railway authorities expect to realize a substantial surplus each year.

I believe I have given several particulars about the volume of merchandise that this railway line would handle.

We have also discussed the guarantees, the basis they rest on, the quantity of ore required and so on. I have therefore supplied a great deal of information and I believe that by giving further particulars at this time, I would prejudice the C.N.R. in the negotiation of other contracts elsewhere.

Besides, I think that in that regard I am following the same policy as former ministers of transport.

Mr. Chevrier: Not at all.

Mr. Balcer: Could my hon. friend quote instances where former ministers of transport have given more specific particulars as to the revenues and expenses of certain railway lines.

I know of several instances showing that on more than one occasion when a witness called before a committee of the house pointed out that an answer could prejudice the railway company, my predecessors never failed to ask the committee not to labour the point, always with a view to preventing any prejudice to the railways.

Mr. Chevrier: Mr. Chairman, I am not complaining about the information supplied, but about the particulars that were withheld. It seems to me that information regarding economic feasibility is so essential to the discussion of this bill, that the minister should supply it. I am convinced that if such information is available to the minister, he must provide it.

Now, it is on the advice of C.N.R. officials that the minister does not want to give this information, because he claims this will prejudice the interests of the Canadian National Railways.

If I asked the minister to give full particulars—but such is not the case—he might be justified in refusing. But I am not calling for full particulars. I am only asking that the minister give in round figures the general revenues and expenses as well as the profits that the railway might make the first year and in following years.

In my opinion, that information could in no way prejudice the interests of the C.N.R.

The minister also states it is highly possible that such information was not given in the past and that, in this, he is following the same policy as his predecessors.

Yet I somehow remember that on one or two occasions I tabled, even before the bill was referred to the committee on railways, canals and telegraph lines, a detailed breakdown of estimates prepared by the Canadian National with regard to expenses, revenues and profits of projects.

I therefore see no reason why parliament should not be entitled to such information, particularly when it is available to the minister.

Mr. Balcer: Mr. Chairman, I agree with my hon. friend that, on some occasions in the past, when he was minister of transport, he did table very precise information with regard to the expenses and revenues of certain railway projects. On those occasions, he also indicated the annual profits of the national railways.

But in the present case, Mr. Chairman, I am precisely following the tradition established by my predecessors when a witness was asked to give evidence before the committee on railways, canals and telegraph lines, and stated that he was unable to reveal certain information without causing prejudice to the C.N.R. in their negotiations with other companies or corporations. I think this is a similar situation, and that supplying such information might jeopardize the Canadian National Railways.

The C.N.R., as we know, are a huge concern covering the whole country. Their success is directly dependent on contracts signed with various mining, financial and industrial companies in this country.

Consequently, in revealing at this time the detailed information requested by the hon. member for Laurier, when witnesses called before the committee have stated that such disclosure would be prejudicial to the parties, we would be spoiling things for everybody. I therefore believe that my hon. friend, and every hon. member in this house, will realize that it is preferable to restrict such data. As a matter of fact, I myself have given this house full indications as to the quantities of zinc ore and copper concentrates to be moved annually.

I also stated that the moving of mining products would amount to approximately $2 million a year while the moving of other goods would bring in $225,000. I think that should be enough information under the circumstances.

Moreover, a further guarantee has been supplied by the company when it undertook to pay a fine of $5.10 a ton, if the quantities moved were less than 140,000 tons a year for a period of ten years.

It seems to me, Mr. Chairman, that such disclosures are ample information on the project.

Furthermore, the bill contains additional details with regard to the cost per ton to be paid for the construction of that railway.

The railroad officials who gave evidence readily answered all the questions asked, except precisely those of the hon. member for Laurier, who wanted to have two columns of figures, namely revenues and expenses.

I would not say that the hon. member is asking too much, but he is going against tradition in the sense that when a witness refuses to make a statement before the committee because it might cause prejudice to the company, the Minister of Transport does not supply any information of that kind.

My hon. friend will agree that the stand I am taking now is based on precedents and I would be pleased to indicate some if you wish. In fact I can give one which comes to my mind because I remember something which happened in 1956 in the committee on railways, canals and telegraph lines.

Mr. Green, at the time a member of the committee, put the following question:

(Text):

The question by the present Secretary of State for External Affairs was:

> Could the agreement between the mining company and the railway company be included in the proceedings?

And the answer:

> At this stage I would like to submit that it is not in the interest of the development of the Canadian National Railways to disclose the details of these guarantee agreements. We have always treated them as confidential documents. We have stated in general terms what they include, but I would respectfully suggest that their details should not be disclosed.

And Hon. Mr. Marler, my predecessor and the successor of the hon. member for Laurier, said at that point:

> I think it really puts the national railways at a disadvantage vis-à-vis its competitors across the country if it is called upon to answer that sort of question.

The present Secretary of State for External Affairs then very courteously said that he would not like to do that, and withdrew his question.

The hon. member for Laurier himself at the sessional committee on railways and shipping on Tuesday, March 28, 1950 at page 121 stated the principle very well, and I should like to quote his statement.

> Well, Mr. Chairman, as far back as I can remember it has always been the policy of this committee to give as much information as possible, but when an officer of the Canadian National Railways makes the suggestion or gives it as his opinion that it might not be desirable to give out certain information, it has been my understanding always that such information was not made public; that in the past the committee has always followed the advice of the officers of the railway.

This principle is so well enunciated, Mr. Chairman, that I would have great difficulty arguing against it. Of course, Mr. Chairman, there seem to have been certain inconsistencies because, as I pointed out, the hon. member for Laurier at that time tabled this information.

I have discussed this particular matter at some length with the officials of the railway and have witnessed their reluctance to divulge any more details than have been given for the reason that it would hamper the railway's interest in this type of development. However, as the record shows, on some occasions net figures were given, and on some occasions they were not.

The passage of this bill will, therefore, not be held up. I think perhaps it would be a good thing to have this particular matter raised at the forthcoming sessions of the committee on railways so that we will have an opportunity to hear the management side of the issue.

Mr. Chairman, when the president of the railways appears before the committee he can be questioned on this particular point and the principle involved. The committee can then make its recommendation, and to whatever recommendation is made I will give my wholehearted support. However, at the present time, in respect of what has been stated in the committee by the witness I would appreciate my friend not pressing further.

(Translation):

Mr. Chevrier: Mr. Chairman, I should like to add a few words to this discussion by saying that the precedents mentioned by the minister about the statements made by Mr. Green in 1956 do not at all apply to my question, for Mr. Green was then asking that the contract between the parties concerned be tabled. Now it has nothing to do with that. I am not asking that the contract be tabled. It was the hon. member for Port Arthur (Mr. Fisher) who asked for that document, and the representative of the Canadian National declined to produce it. Nobody insisted upon his doing so.

What I did ask—and the minister did not refer to any precedent on that matter—is general information. I am not asking for minute details or particulars; all I want is general information. I believe the precedents referred to by the hon. minister do not apply in this instance.

The minister has just suggested that this question be referred to the committee on railways, air lines and shipping.

Mr. Chairman, it is obvious that if this question were submitted to the committee, C.N.R. officials would give exactly the same answer they gave during the meeting held two days ago.

Mr. Balcer: Mr. Chairman, what I wanted to say is that the principle itself should be referred to the committee. If the chairman appeared before the committee on railways, canals and telegraph lines as a witness, I believe it would be quite appropriate for the members of this committee to put this very question to him. He could then tell them why, in certain cases, officials who testify before the committee are not in a position to release certain information, because it might be detrimental to railway operations. He might choose to give examples and, at that time, the committee may decide on future policy. For my part, as minister, I should gladly adopt that attitude.

Mr. Chevrier: Mr. Chairman, I gave up the floor to the minister, but I should like to continue with a few remarks that will be quite short.

I simply wanted to add that I know beforehand what the chairman of the Canadian National Railways would answer. He would support the statements made by his officials, and what the minister has just said. However, I believe it is illogical that the minister himself, after telling that he would supply information, should change his mind two days later.

The minister himself agreed with me when I put the question hardly two days ago. He said: certainly, we will give you all this information in committee. Now, he has changed his mind. It is clearly because C.N.R. officials feel that the information must not be given out.

Mr. Chairman—and this is my final remark—it seems to me that parliament, which is entitled to this information as the minister himself stated, should have it, so that hon. members may be in a position to approve this project because it is economically feasible.

Mr. Fortin: Mr. Chairman, the hon. member for Laurier said the minister agreed with him the other day by saying that he would give the necessary information, and that he has now changed his mind.

On the other hand, the minister now says that he has received from high officials of the Canadian National representations to the effect that it might be detrimental to the company to give the house the required information.

Perhaps that is why the minister changed his mind; it is the privilege of any intelligent man to change his mind when necessary.

We are asked complete details on the economic feasibility—

Mr. Chevrier: Mr. Chairman, I did not ask for complete details on the economic feasibility of the project. That is precisely the point. I feel that the minister is quite right in not giving complete details. I am simply asking for general information, which is an altogether different matter.

Mr. Fortin: Mr. Chairman, some hon. members make a pretence of asking for general information as to the potential revenue of this particular railway line. Evidently, it is rather difficult to say whether or not the line will be self-sustaining; but in my opinion, the question is of minor importance, because on the basis of what the hon. member for Villeneuve (Mr. Dumas) and the hon. member for Chapleau (Mr. Martel), said the other day concerning the development potentialities of the area, as a result of the construction of that railway, I feel that parliament would be justified in voting the funds required for the construction of that railway, even if the line were not self-sustaining, which we do not know at this time.

As a result of the construction of the line, that area will, as it were, be opened to civilization. The hon. member for Villeneuve even referred to plans for settlement of the area, and mining and lumber operations there. If all those natural resources remain undeveloped because there is no means of communication with neighbouring areas, the development will be delayed to that extent. On the other hand, the development of the area in general will be economically profitable for the province of Quebec in particular and, in my opinion, all hon. members should consider the expenditure quite justified even if the operation of the line itself is not self-sustaining.

What surprises me, Mr. Chairman—or perhaps I should say that I am not surprised at that—is the fact that the hon. member for Laurier is making such a fuss about approving an expenditure that will benefit Canada as a whole and the province of Quebec in particular.

(Text):

Mr. Fisher: Mr. Chairman, the caveat that I should like to register here really goes back to much more than this particular bill. It goes back to previous bills like it that have been brought in by ministers of transport. I feel that the minister did not give us enough information. I feel that ministers of transport rarely give us enough preliminary information. Then when we get into the committee examination process, in my opinion the actual statement by the officials who appear before the committee is never as satisfactory as it might be. I should like to give an indication of what dissatisfies me about this bill, although our party is anxious that it should go through.

It is necessary for me to start, Mr. Chairman, with an incident that gave me rather a shock a little bit over a year ago when we were investigating a situation concerning the province of Quebec, the city of Montreal and the federal government in relation to the Jacques Cartier bridge. We discovered the agreement that had been in effect lapsed or abrogated—I do not know what would be the technical term—for a number of years. That was one side of it. Another side was that before changes could be made in connection with the agreement, there needed to be a new table of tariffs in connection with the project; and again it appears that no really strenuous final efforts moving through to a solution had been made to bring this result about. The reason that was given to

me by the witness on the stand was that I just did not understand or appreciate the Quebec situation.

It may well be that an outsider cannot appreciate the Quebec situation and the kind of arrangement and diplomacy that needs to go on there between the federal government and the provincial government. But here we have a situation in which this government is going to spend a considerable amount of money guaranteeing a line in the province of Quebec that has more than just ordinary ramifications. It makes possible expenditures of some $50,000,000 in total if you include the refinery and the actual mine, and much more than that if you include the railway expense, the expense of building the townsite and the expense that the provincial government is going to have in putting in the road. In this kind of situation, I think we deserve more information.

At our committee meeting I was rather shocked to discover that the Minister of Transport has not had discussions with the minister who is in charge of natural resources in Quebec. I was just amazed that the minister, in connection with a project of this size, with so much government money going into it, has no idea where it is intended the refinery shall be. He just had the general expectation that it is going to be on deep water. He could give us no real information as Minister of Transport on what the factors were in the location other than the question of power and deep water. We were not given, by the company's witnesses or by the minister, any information that would indicate just where it should go.

One of the arguments I should like to make to the minister and to the committee is that we undertake big development projects of this kind on too haphazard a basis. I have here an article from the *Financial Post* of February 4, 1961. It is headed "Not Much Cheer for Lead, Zinc". It states as follows:

> Canada's lead-zinc industry—which has hitherto sold half its output to the U.S.—gets little cheer from legislation before the House of Representatives this week.

Then it goes on to point out that there is before the U.S. house a new bill that is backed by the industry, and that has more congressional sympathy and the support of President Kennedy. What this bill sets out to do is really not to liberalize quotas but to protect the lead-zinc industry of the United States even more. The article goes on to state as follows:

> What effect more protection for U.S. mines will have on Canada's three major potential producers is a question mark.
>
> Mattagami Lake Mines in Quebec, Brunswick Mining & Smelting in New Brunswick and Consolidated Mining & Smelting—controlled by Pine Point Mines in the Northwest Territories are planning big new mines.
>
> Their combined, planned capacity could add more than 150,000 tons of lead and more than 400,000 tons of zinc to Canada's annual production—double present output.

In other words, we have on the cards—and this mine is a factor—a doubling of our zinc production in this country. Yet ever since I came into this House of Commons, the then hon. member for Kootenay East not the present hon. member, used to be always getting to his feet and worrying about the difficulties that Consolidated Mining and Smelting were having in getting rid of this production in the United States' market and in the world market. My particular point here is that there are indications that on the short run the zinc prospects are not good. Yet we are to have a doubling of capacity. When you have a situation like this it seems to me that we should know more about the kind of agreement that a crown corporation is entering into with the particular mining concern. There is nothing statutory about this agreement. I know it has a legal status, but not for members of parliament. In essence it is outside us in that it does not come within the act that is before us. Another feature about this question of the agreement is this: We had some evidence last year brought out by the hon. member for Kenora-Rainy River, the hon. member for Laurier and myself in the questioning of the president of the Canadian National Railways about the various development lines that he had investigated. He indicated some of the principles that are involved as far as the Canadian National Railways are concerned in setting up these lines. At page 142 of the minutes of proceedings and evidence of the sessional committee on railways, air lines and shipping he stated as follows:

> The Canadian National Railways was the originator of this traffic guarantee form of approach to this problem, and we originated it because of past experience where railway lines were pushed, back in the days when political considerations had something to do with these matters—happily gone now. The railways were pushed on that basis, whether it was completely economical for the railway to build the line or not. So we do it on an arm's length basis and consider all the interests not only of the industry that wants the service but also the general effect to the community; and on the basis of our appraisal we are prepared to take care of our share of the risk.

It seems to me we have to take from this statement of policy of the president that they have gone into this whole matter. However, I would argue that we did not get satisfactory answers on this question from the officials of the railway who were before us. I refer to the general effect on the community. What

do we know about this matter? It is surely an integrated operation. What do we know about the general effect to the community? We do not know where the refinery is going to be. We do not know whether all the productions from the mine, in terms of concentrates, is going to be shipped all the way to the refinery by the Canadian National Railway. We do not know what are the views of the provincial government of Quebec in the matter.

It seems to me these are all matters about which we could have more information. My own views and the good judgment of the Canadian National Railways executive are not particularly sanguine. I hope to express them later this day when we are considering the motion to set up a committee. But it seems to me, when we have a crown corporation that year after year has been burying itself further and further in deficits, and when we have indications even from Mr. Gordon's own analysis last year of these branch lines that at times traffic has not been everything that could be expected, it all adds up to the fact that we deserve and should have more detail on the agreement and on the project in total, where it is going to go and what it is going to do.

In conclusion of my comments on this matter, may I say I have often wondered what approach the minister takes when he is shepherding a bill through the house. It seems to me that the minister gives the members of the house the fairest treatment when he decides that through his preliminary statement he is going to cover every possible aspect of the situation. Then we have something on the record. I suggest to the present minister that he gives every indication of someone who is going to be very chary in the amount of information he provides.

I am not giving him advice; I am asking him in future, when he is bringing a bill before the house even though it is later going to committee, to cover all the ramifications of the matter. I think he would then save a great deal of the questioning that we have in committee, which often turns out to be futile, and many of the complaints that we have later.

Specifically I should like to know from the minister what attention the government is paying to the views of the people in the Abitibi country that they would like to have a refinery up there. I know this is a legitimate point of view because the people in my part of the country are very anxious to have a smelter, for example, at the lakehead to process the ores that are very close to us.

This is the kind of thing that keens and burns people in an area for many, many years. They ask, "Why was a refinery or a smelter not established in our particular area, instead of being way up somewhere else?" I know the answer the minister gave about the economics of the situation, but the people in the region have a hard time believing some of these particular economics and I am sure they wonder why governments do not get together and try to direct a refinery or a smelter in such a way, even if necessary by subsidization, as to be an integrated part of the economy in the area.

If the minister says this is an interference with free enterprise, I suggest the subsidization of this refinery is an interference with free enterprise. Once you are in the situation of guaranteeing a crown corporation going into the area to help exploit private enterprise, surely you are in a position to suggest to that private enterprise that it do its utmost to help the particular region and economy that it is developing.

The other point I should like to make in connection with this whole arrangement is sparked a bit by the minister but also by the hon. member for Villeneuve. I think I made the same error myself. We talk grandiosely about our tremendous natural resources. One of the things mentioned is that this railway line is going to open up a tremendous pulp and paper area. We have more potential pulp scattered around this country that is not being exploited than we know what to do with. We always live in dreams. I come from a town that since 1922 has been told by politician after politician that some day there is going to be a large pulp mill there. I know the sense of disappointment people feel. All through northern Quebec, if my reading is correct—and my reading is necessarily skimpy—there are hopes that pulp and paper mills will be constructed. In a situation such as this, I think the minister should have more information on what is the potential cordage. What is this government itself doing to see that if we put in a railway line there is going to be some industrial development such as a pulp mill, whether it is newsprint, kraft or whatever the case may be? It seems to me these are all the kind of questions associated with resource development that should be answered in this house and in the committees of the house.

In summing it up, it is a case where we do a tremendous lot of dreaming and big talk about our resources, and then on something like this we vote the money very readily. I think it is a tremendous thing that we are going to have a line of this scope and size. However, there are some doubtful factors in it and we are not given the complete complex of the situation. Unless governments in Canada, and the federal government in particular, are prepared to take the kind of

initiative that will develop the thing wholly in the best interests of all, I think we are going to have this damnable failure of government enterprise and free enterprise working together and neither one really giving the leadership that is needed to develop our hinterland and frontier resources.

I think the most wonderful thing that could happen to the Abitibi region of Quebec would be to get not only the mine but also the refinery. I hesitate to accept the argument that a tidewater or a deep water location is fundamental in the economics. I should like to know what are the economics, and perhaps the government of Quebec could do something about shifting them so that the refinery would be placed where it would really do the most good.

I should like to ask the minister one specific question. Has the location or the development of this Brunswick Mining and Smelting property in New Brunswick anything to do with the location of the refinery? That is, are the concentrates from it expected to be treated at this particular refinery that may be going to deep water? That may go some way to explaining the location down on the St. Lawrence rather than in the Abitibi area itself.

In relation to the Abitibi region itself, any hinterland or frontierland area is always told it really has not a large enough labour market to support a complex industry such as a refinery. There are a number of members in this house who come from hinterland and frontier regions and I think they will tell you that labour mobility today is high enough that you do not have to worry about the labour market and the high cost of labour in the those regions. You can be sure that if in Canada there is going to be a new town of a continuing size and a good opportunity to make a go, you will get a flood of people coming into it. This happened at Elliott Lake with very stark results. That is an indication that you can get people to move very easily from metropolitan areas if they know there is a guarantee of remunerative work with some stability.

This is my final point in suggesting that we are entitled to have a certain disappointment about the way this particular bill has been introduced and taken through to this stage.

The Chairman: Shall clause 1 carry?

Clause 1 agreed to.

The Chairman: Before I recognize another hon. member and members of all parties having spoken up to now I think I should warn the committee that in my view the discussion we have had up to now has not been relevant at this stage of the proceedings. We have had what amounts to discussion on the principle of the bill. At this stage of the proceedings, the discussion should be on the drafting of the bill.

I do not intend to prevent the minister from replying or any hon. members asking questions, but I warn the committee that in my view the discussion up to now has not been in accordance with the rules.

On clause 2—*Competitive bids or tenders.*

Mr. Baldwin: Mr. Chairman, I wish to deal very briefly with what the hon. member for Port Arthur mentioned. I do not wish to usurp the function of the minister because of course he will have an adequate opportunity to reply. I was at the committee meeting. I went there to ask one question, particularly. I wanted to ask the C.N.R. officials if they had made an analysis, in connection with their economic report, of the long term future with regard to zinc production and sales. I come from one of the districts where the matter of the Pine Point Railway and the production of lead and zinc are of great concern, and I was interested for that reason. I do not know whether the hon. member was there at the beginning of the meeting of the standing committee but I know he came in later. The statement made by the railway official was, definitely, yes. They had made a careful analysis of this situation and had assured themselves that there was a good long term future in connection with the production of zinc.

I mention this because three zones were mentioned by the hon. member—this area, the area of the proposed railway going into Pine Point, and one other. He pointed out the possibility that these three mines going into production might have the result of building up possibly more of the product than could be absorbed. I do not think that is necessarily the case. At the Pine Point mine, for example, the concentrates are supposed to go to Trail. The situation there is simply that there are certain smelter residues which will be exhausted next year or the year after, and unless concentrates are brought down to the smelter at Trail—concentrates of the order of at least 200,000 tons a year—the operation at Trail will have to be modified and perhaps continued on what would not be an economic basis.

I think that is an adequate answer to the observations which the hon. member has quite properly made. In addition, we must bear in mind the Paley report which has been brought to the attention of the President of the United States. This report stresses the continuing requirements of North America for lead and zinc. The terms of that report are definite, and I am sure the hon. member

is aware of them. As far as I know there has been no attempt to suggest that the recommendations and statements contained in that report are not correct.

I am interested in this particular project; I do not want to say anything as to the principle, but I certainly hope it will progress. I am confident from what has been said that the aspirations and desires of those promoting this project will be realized and that it will become of great economic benefit to this country. From my knowledge, and from what has been said in the committee, I believe the economics of this mining area certainly justify the construction of the railway.

(Translation):

Mr. Chevrier: Mr. Chairman, I would like to ask the minister a question.

What would happen if the railway line were not completed by the date mentioned in section 1?

Mr. Balcer: Do you have in mind relations between the companies and the railway?

Mr. Chevrier: No. What I have in mind is this: Should the railway line still be incomplete by December 31, 1962, what would then happen?

Mr. Balcer: I think the bill is clear as to what would happen in a case like that.

Therefore, the full completion of the railway will be before December 31, 1962, or at a later date to be determined by the cabinet.

Mr. Chevrier: Well, that was what I was asking the minister. What steps does the governor in council take when he is advised that the line cannot be completed on the date indicated in section 1?

Mr. Balcer: Well, the general pattern, or rather the rigours of section 1 may be corrected by an order in council.

Mr. Tremblay: Mr. Chairman, what happened with the Chibougamau-St. Felicien railway might perhaps happen again; there was supposed to be a three years' delay, when it was the responsibility of the former member for Stormont.

Mr. Chevrier: Mr. Chairman, if the house wishes to pass the bill, very well, we are all for that; but if hon. members want a discussion, we are prepared for that too.

I say to those who a moment ago interrupted the discussion, through an intervention having nothing to do with the question I put to the minister, neither the hon. member for Laurier nor the former regime prevented the construction of the Chibougamau-St. Felicien railway; on the contrary, they are responsible for it.

Besides, Mr. Chairman, in section 1, only one railway may be involved, i.e. the Mattagami railway, and no other such as the Chibougamau-St. Felicien railway.

I would therefore ask you to call the hon. member to order.

Mr. Martel: Mr. Chairman, I merely wish to make a few remarks before the third reading of the bill. And it is mainly about what was said a moment ago by the hon. member for Port Arthur (Mr. Fisher) in connection with the construction of a refinery in that district. Personally, at the resolution stage, I specified that in my humble opinion the refinery in question should be built in our area, that is, in the Mattagami lake area, where the railway will be built and where the mines are now located.

Obviously, the federal government, as well as the Canadian National Railways, both have considered the matter and they probably have not the necessary authority to determine the exact place where the refinery will be built, because that permit is issued by the provincial authorities; but I trust that this matter will be settled or, at least, I hope it will be settled to the benefit of the people of the Abitibi area. That railway will permit the development of a new area that offers great possibilities. I am sure that if the refinery were built there the future of that area would be assured for several years to come. Furthermore, this would permit the opening of new cities, as I already indicated at the resolution stage.

Mr. Chairman, I heard the hon. member for Laurier (Mr. Chevrier) ask a moment ago some information about the economic feasibility of the project, or generally about its revenues and expenditures. I believe that would be interesting. And he mentioned the fact that parliament should certainly be entitled to that information. But the minister explained that the railway authorities could not give that information because it might perhaps be detrimental to their future operations or to other agreements made elsewhere in Canada by the Canadian National Railways.

There is another point which has something to do with that and about which I believe parliament should get information. For the time being, I would not like to unduly embarrass the minister, but I do know, on the other hand, that the matter was referred to at the time the bill was considered by the committee on railways—that the tenders for the construction of that railway were invited for January 23 last.

Those tenders were received and are considered by the Canadian National Railways authorities as being confidential. That is all very well, but I think that parliament which is called upon to vote the sums required to cover the C.N.R. deficits, and which is now asked to pass a special act to provide for the construction of that railway, should be entitled to get that information.

Besides, most departments, I would even say all departments of the federal government, must, when they invite public tenders, reveal the names of the lowest bidders, except when the security of the country is at stake. But in this case, we are dealing with an important economic development, not only for my own area and for the province of Quebec, but for Canada as a whole.

(Text):

The Deputy Chairman: Once again I remind the hon. member that he is straying away from the subject matter of the bill we are discussing. I ask him to return to the subject.

Mr. Martel: With all due respect, Mr. Chairman, I was stating that the tenders called by the C.N.R. for January 23 last have been received but have been kept confidential.

Mr. Chevrier: That relates to clause 2.

Mr. Martel: I do not think clause 1 has been carried. I believe we still have the right to discuss the general principles of the bill.

The Deputy Chairman: We cannot discuss management. That was supposed to be discussed in the committee on railways, canals and telegraph lines to which this bill was referred for study.

Mr. Martel: I thought that I could place my views on the record before third reading and ask if this situation cannot be changed with respect to future bills so that information would be made available to parliament. I did not think we had passed clause 1 and could discuss general principles. Clause 2 of the bill, a copy of which I have in French, reads as follows:

(Translation):

The company shall adopt the principle of competitive bids or tenders in respect of the construction of the railway line in so far as the company decides not to perform such work or any part thereof with its own forces, but the company is not bound to accept the lowest or any bid or tender made or obtained nor precluded from negotiating for better prices or terms.

It is precisely on such matters, Mr. Chairman, that I feel parliament should be kept informed. In this case, something unusual has happened, since the project was quite an urgent necessity for the area concerned. Tenders were called as early as last January, that is immediately after the announcement of the project in the speech from the throne.

But I think that normally parliament would have a right to know the names of the lowest bidders and the amounts of the bids. I would not want, however, to embarrass the minister, but I think that parliament has the right to know these things. We are here to represent our constituents.

I know that it was said before the committee that such tenders were considered confidential matters and could not be disclosed before the passage of the act. I realize that it is not the practice to disclose confidential matters. I mention this while the house is studying it, but next time if an amendment is to be made to the Railway Act as suggested in the speech from the throne, I think this question should be settled in order that the members may be informed. There may be nothing wrong in that, but it gives the public the impression that certain matters are hidden. Therefore, if we want the people to continue to believe in our democratic system, that should be changed. After all, we are here to look after the interests of the people, that is of our constituents.

Mr. Chevrier: Could I ask the minister whether in the light of the last part of clause 1, he is aware of instances in the field of railway construction by the C.N.R. where the line had not been completed by the date specified and a request had to be submitted to the governor in council for an extension of time.

Mr. Balcer: Mr. Chairman, I have no such instance in mind at present, but my hon. friend is probably aware of some. As far as I am concerned, however, I could not point out any at the moment.

Mr. Chevrier: Now, with regard to clause 2, Mr. Chairman, and following the remarks just made by the hon. member for Chapleau who wanted information almost identical to what I asked myself, which is of a general character and is quite reasonable, notwithstanding the views of the hon. member for Montmagny-L'Islet (Mr. Fortin), who said that the mere fact of seeking such information was delaying the progress of the bill. I must say, Mr. Chairman, that the

hon. member for Chapleau is in the same position.

I cannot accept such an attitude. To my mind, the hon. member for Chapleau is entitled to ask questions, and to seek clarification of any particular point.

As far as I am concerned, I was going to ask the minister, first of all, which part of the work on the line would be carried out by the employees of the C.N.R. and which part would be done under contract.

Again, I think the hon. member for Chapleau was reasonable in asking who submitted tenders and on what basis the tenders were submitted to the C.N.R.

Mr. Balcer: Mr. Chairman, there is no doubt that the remarks of both my hon. friends are quite sensible. When tenders are called, the lowest bidder gets the contract, except for very special reasons.

I want to assure my hon. friends that there is nothing secret about this, that there is no plot involved. The Canadian National received, in fact, 13 tenders.

The other day, a witness appearing before the committee did not have the figures on hand. Today, however, I am able to state that 13 tenders were received. The contract has not yet been awarded by the management of the C.N.R. They had to wait, of course, until the house passed the bill; that is only logical.

Some deposits, which accompanied tenders have been returned to their owners. This was done in order not unduly to retain rather considerable amounts of money, and not to force the firms who submitted tenders to pay additional interest to their bank. Needless to say that those tenders had not been accepted. There was, therefore, no other alternative than to return the money.

As regards the other tenders, as soon as the bill receives royal assent, the management of the C.N.R. will allocate the contract to the lowest or best bidder.

Mr. Bourget: Mr. Chairman, could the minister, without disclosing the exact amount of the tender, tell us the percentage of the total cost of the project represented by the work for which public tenders have been called? In this way, he will in no sense be disclosing the prices quoted by the lowest bidder.

I would therefore like to know what part of the job will be carried out by private contractors and what part will be allotted to railway employees.

I am asking this question, Mr. Chairman, because the minister knows as well as I do that the C.N.R. have been laying off quite a number of people in the past few years. I therefore think it would be in the interest of the C.N.R. management to have their work carried out by their own people, using their own equipment.

In fact, the C.N.R. now has the necessary equipment, the engineers, superintendents and foremen required for this project.

Perhaps this has been said at the meetings of the committee that I missed on account of illness, but I believe the minister should discuss the matter with the authorities of the C.N.R. which has employees with 20, 25 and even 30 years of experience.

Besides, I know of no more qualified workers than those we call the B and B employees in my district, those who are engaged in the construction of buildings and bridges.

It is proposed to lay a railway line. I do not think private enterprise has employees that are as qualified for this type of work as those I refer to. So I repeat my question and I ask the minister to tell us what percentage of the work will be carried out by private enterprise, so we can deduct the part to be done by railway employees.

Mr. Balcer: Mr. Chairman, I am sorry, but I do not have those percentages. The only reference I can give is to the schedule printed at the end of the bill.

As far as my hon. friend's argument is concerned, one must admit it might be double-edged. I think it would be unfortunate if the government, every time a project is carried out, hired only its own employees. Employees of contractors also have many problems, especially at certain periods of the year.

One should then seek a happy medium. As far as percentages are concerned, I could not now say what part will be given to railway employees and what part will not.

All I can say is that the schedule mentions an amount of $140,000. Since the proposed line is 60 miles long, the amount is a little over 8 million dollars.

Mr. Bourget: Could the minister at least tell us what are the works for which tenders

have been called? Those are obviously public documents, since specifications have been provided to contractors.

Consequently, could the minister tell us what are the various works for which tenders have been called? Are they bridges, culverts, rail laying, brush clearing, etc.? In short, what are the works for which tenders have been called?

Mr. Balcer: Mr. Chairman, those details have been given to the committee at yesterday's meeting. Mention was made then of the number of bridges to be built on that line, as well as the kind of lines we intended to build. Experts in this field provided exact details.

As for the specifications, I have not seen them personally.

Mr. Bourget: Mr. Chairman, I wish to ask the minister a simple question. If the estimated cost of the railway is $8,400,000, could the minister, in order to give us an idea of the lowest tender, tell us, not the exact amount, but whether it comes near $4,000,000 or $5,000,000, in order that we may determine what portion of the work is to be performed by private enterprise. That is my point, because I do not agree with the minister's view that in employing railway workers for these projects, we would be getting into a vicious circle. He is aware that each year from 4,000 to 5,000 railway employees are laid off and find themselves in a difficult position because, having been engaged in a particular kind of work for 20, 25 and even 30 years, it is hard for them to find other employment.

I know, Mr. Chairman, that I am wandering a little from the principle of the bill, so I shall not belabour the point. However I ask the minister—who is new in this office and whose position is understandable—to urge the Canadian National Railways to keep their employees and not dismiss them after 25 years of service. That is my point. The Canadian National Railways have all the equipment, they have the architects, the engineers, the foremen, and all the experienced men needed to perform the work. I therefore ask the minister to show sympathy to these men and to urge the Canadian National Railways to give them a chance to work. I am sure the minister sympathizes like I do with these people. There is still time to show it.

Mr. Martel: Mr. Chairman, I only wish to express my thanks to the minister for the information he gave me and which I accept. As I have said, I wanted to tell the house that when tenders are called, these should be made available to the members of the house and to the public. Such a procedure would prevent the people at large from wondering whether there is something wrong or not. I wanted to mention that point because, as the minister said, certain deposits have been returned by the C.N.R., after the closing date for the receipt of tenders, exactly on account of this attitude, that is without divulging the names of the lowest tenderers. Some business magazines take a close interest in contract matters. I have in mind the *Daily Commercial News* for February 3, which published certain data about the contract for the building of the railway line. No exact amounts were quoted, but names were given. Such information may have been obtained by inference. I wonder if we could not be told these amounts in due time, once the work has been carried out. I refer to both the amount of the lowest tender and the amount of each tender.

Mr. English: Mr. Chairman, could I ask the Minister whether the C.N.R. is following a different procedure, in building the line into Mattagami, from the procedure used in the past for the construction of the line between Chibougamau and St. Felicien? I am under the impression that the present policy of the C.N.R. is the same as was always followed in the past.

Mr. Bourget: Should one always follow the same policy, make no improvements, no progress, no changes?

Mr. Balcer: I think, Mr. Chairman, that the hon. member for Levis has raised a storm in a teacup. The C.N.R. authorities have always sought to protect their employees first. There is no doubt about that. In a project such as this, certain jobs have to be done by contractors, and they have to go outside to get the work done.

As to the question put to me by the hon. member for Chapleau, I would not want him to feel we have adopted a different policy from the one which was followed in the past, because things were always done this way. What appeared in the *Daily Commercial News* and other similar periodicals is merely speculation such as anyone can indulge in before the contracts are allocated.

Mr. Chevrier: The minister has not answered the question that I put to him a

moment ago and which was quite simple, namely what portion of the work will be done by Canadian National employees and what portion by way of tenders. That is my question. Before the minister answers, however, I would like to say a word on the subject just mentioned by the hon. member for Chapleau. I do not quite agree with his suggestion that tenders should be made public at this time, I mean now, because parliament has not yet approved the bill. If tenders were made public before the bill was passed, I think it would be wrong.

However, there is a lot of sense in what the hon. member is asking, that is that the house should at least know those people to whom deposits were returned. That of course would not reveal the name of the lowest bidder, or of the successful bidder, but in any case we would have an idea of the contractors that were eliminated.

Now, I come back to the two questions that were asked. First, what portion of the work will be performed by the C.N.R. and what portion by private enterprise? Second, why should the minister be unable to give us, not the names of the bidders—I realize full well that he cannot give us that information—but the names of those to whom deposits were returned?

Mr. Balcer: Honestly, Mr. Chairman, the questions raised in the house today should have been asked in the railways, canals and telegraph lines committee when the experts in that field were present. Hon. members could have asked then what portion of the contract would be performed by the railway workers themselves and what portion by a contractor. As far as I am concerned, I cannot give any information concerning those ratios.

As for the second question, well, I think it does not sound serious either. I can see no reason and no benefit in giving, before the contract is awarded the names of the bidders to whom we have returned their deposits because their tenders were too high. I cannot see how they can pretend to serve the public interest by asking such information.

That could only result in a little more speculation. That would urge the subcontractors to exert all kinds of pressure on the two or three general contractors still in the running.

Honestly, I think the C.N.R. management acts very wisely in keeping that information secret until the contract itself is awarded.

[Mr. Chevrier.]

Mr. Asselin: Mr. Chairman, if we read carefully clause 2 under discussion, we realize that it is not clearly decided that the C.N.R. will have these works performed through tenders or through contracts awarded to contractors. In fact, clause 2 says this:

> The Company shall adopt the principle of competitive bids or tenders is respect of the construction of the railway line in so far as the Company decides not to perform such work or any part thereof with its own forces, but the Company is not bound to accept the lowest for any bid or tender made or obtained nor precluded from negotiating for better prices or terms.

Mr. Chairman, I do not think the minister should be expected to answer that question because it often happens that a public body or corporation calls for tenders for the purpose of carrying out some work on its own account. In many cases, it is only to get an estimate of the cost of such work, and no company is in any way bound by the calling of tenders to carry out the work, either on its own or by way of contracts.

I happen to be the mayor of a municipality, and before getting a job done, I often want to know how much it will cost. I therefore call for tenders, and if I feel that the municipality can do the work at less cost than the prices quoted in the bids, I simply have the work performed by the municipality. Therefore, Mr. Speaker, it is useless to ask the Minister of Transport whether the Canadian National Railways will proceed by public tender. Even though tenders have been called, the company is in no way bound. In fact, under section 2 of this bill, the company may reserve the right "in so far as it decides not to perform such work or any part thereof with its own forces", not to consider the tenders made and to perform the work itself at a better price.

Such an attitude would, in my opinion, meet the purport of section 2 of this bill, and I am under the impression that neither the minister nor the company is in a position to decide whether such work will be performed by way of contracts awarded to private enterprise or whether the company itself will carry it out.

Mr. Bourget: Mr. Speaker, may I reply to my hon. friend from Charlevoix (Mr. Asselin). I know that very often, municipalities call for tenders and then decide they can do the job at less cost.

I feel however—and I think the minister will not deny this—that if the C.N.R. have

called for bids on a certain portion of the work, it is because the company actually intended to have that part of the work performed by the lowest bidder.

This is the point I wish to make. Could the minister tell us what portion of the work will be performed by the C.N.R. and what portion will be carried out by private enterprise?

Mr. Balcer: Mr. Speaker, I have just received more specific details with regard to the part of the work to be performed through contracts. I am informed that tenders have been called for tree felling and ground levelling. The other work, will be performed by C.N.R. employees.

Mr. Bourget: Mr. Chairman, could the minister tell me whether the construction of the bridge piers, for instance—as I understand bridges will have to be constructed on that railway—will be made by what we usually call the B & B team of the Canadian National Railway? Will the steel structure be laid also by the same team or if others tenders will be invited a little later?

That is why I was asking those percentages. Being an engineer, I am perhaps in a better position to understand. That is why I was asking about percentages, in order to know what part, approximately, will be done by the Canadian National Railways employees, and what part will be done by private enterprise.

Mr. Balcer: Mr. Chairman, not being an engineer, I am not in a good position to reply to that question by giving accurate percentages.

As for the bridges, my information is to the effect that they will be built by the railway employees. I say that tentatively, because I shall have to check again; but I believe that the contracts already granted are in connection with grading.

Mr. Bourget: Clearing and grading.

Mr. Balcer: Yes.

Mr. Chevrier: Mr. Chairman, in reply to the questions we have asked, the minister told us that the Canadian National Railway itself would cut the trees and level the ground, and that the rest of the work would be carried out by—

Mr. Bourget: No, it is the other way around.

Mr. Chevrier: I understand the Canadian National Railways will carry out all the work, except the cutting of trees and grading, which will be carried out under contracts by contractors.

Mr. Balcer: Mr. Chairman, I say that tentatively, as it is the information I have at present. That is a question which should have been directed to the committee on railways, canals and telegraph lines, when all that information was available.

Mr. Bourget: Mr. Chairman, if we were given the percentages we would know where we stand.

(Text):

Clause agreed to.

On clause 3— *Maximum expenditure.*

(Translation):

Mr. Chevrier: Mr. Chairman, with regard to section 3, concerning the maximum expenditure, what would happen if the amount per mile were exceeded? For instance, it is stipulated in the schedule that the average cost per mile must not exceed $140,000. So what would happen if that amount were exceeded?

Mr. Balcer: Mr. Chairman, section 3 specifically provides that if the actual amount exceeds the estimate, the governor in council's approval will be required.

Mr. Chevrier: Well, no. I understand that under that section provision is made to exceed 15 per cent of the estimates; so, the governor in council is not involved before that. What I want to know is this: I understand the Canadian National Railways is entitled to spend 15 per cent more than the estimates but if, by any chance, the amount should exceed that percentage, what would happen?

Mr. Balcer: What is meant here is that the bill specifically provides for an expense of $140,000 per mile. Now there will be, in addition to that, 15 per cent for contingencies.

So, for any amount exceeding $140,000, in addition to the 15 per cent for contingencies we would have to get the governor in council's approval.

Mr. Bourget: So you will not have to ask the house to pass another bill.

(Text):

Clause agreed to.

On clause 4—*Issue of securities.*

(Translation):

Mr. Chevrier: With regard to section 4, which is subject to section 5, I should like to discuss them together, because one is subject to the other or depends on the other. Section 5 says that if the Canadian National Railways Company is in need of money, it may obtain it through a temporary loan guaranteed by a promissory note to the Minister of Finance (Mr. Fleming). Now, as regards section 4, when the line is completed, if the company does not want to borrow money from the Minister of Finance, it may issue obligations, bonds or other securities for that purpose.

So I would ask the following question: What will the company do? Will it proceed, (a) under section 5, or (b) under section 4? If it proceeds under section 4, how will it go about getting money on the market? Will it issue a series of obligations to cover the amount of the expenditure, that is to say $8,400,000, plus the 15 per cent provided for? Who will look after that, and what will be the rate of interest?

Mr. Balcer: Mr. Chairman, the question is one which strictly concerns the C.N.R. management. They are given certain powers under the present act. How are they going to use them? I believe that they are going to use them in accordance with the act which we are passing today. As far as the terms and provisions of the act are concerned it is up to the C.N.R. management to comply with them which no doubt they will do in the best interest of the railway.

Mr. Chevrier: I believe, Mr. Chairman, that we should be given more information. For instance, what rate of interest will be charged to the C.N.R. by the Minister of Finance? It seems to me that the house is entitled to have that information. Second, if the C.N.R. issues bonds, what rate will it pay?

Mr. Balcer: Concerning the amount of money the C.N.R. may borrow from the Minister of Finance, the rate of interest will be subject to the terms and conditions laid down by the governor in council. Therefore, the rate will have to be set by the governor in council every time the C.N.R. seeks a loan from the Minister of Finance. If that is not done, then it will be the responsibility of the C.N.R. management to decide on the interest rate, and I am not in a position to answer that now.

Mr. Chevrier: No, I do not think the decision rests with the C.N.R. authorities; I believe the decision rests with the Minister of Finance, because he is the one who decides at what rate of interest he will lend money to the C.N.R. The Minister of Finance lends money regularly, and it seems to me that we ought to know what the interest rate will be.

Mr. Balcer: Well, clause 4—since both clauses are being studied together—provides:

> —amounts . . . not exceeding in the aggregate, exclusive of any securities issued to secure loans made under section 5, the sum of nine million six hundred and sixty thousand dollars, bearing such rates of interest and subject to such other terms and conditions as the governor in council may approve.

The amounts mentioned in section 4 are those which the C.N.R. may borrow through bonds, debentures or other securities which the railway company may issue directly. Well, it is said quite clearly there that the interest rate is subject to the terms and conditions which the governor in council may approve. As to loans granted by the Minister of Finance and approved by the Minister of Transport, they are guaranteed under the terms and conditions and bear the interest rate which the governor in council may approve. Then again, it is the same thing as in the other case, because what applies to bonds and other securities which may be issued directly by the C.N.R., applies equally to temporary loans granted by the Minister of Finance, in short, in both cases the interest rate is laid down by the governor in council.

Mr. Chevrier: I do not wish to press the point or to embarrass the minister. I shall let the matter stand. I simply wish to say this: The Minister of Finance determines the interest rate to be paid by the C.N.R.

I remember what it was at the time when I was sitting on the other side of the house—but I know the rate changes because the Minister of Finance announces it from time to time. So I feel that the minister should tell us what amount the C.N.R. is required to pay to the Minister of Finance under clause 5.

(Text):

The Deputy Chairman: Shall clause 4 carry?

Mr. Benidickson: I think this is an important question, Mr. Chairman, because at times the government itself finds the money for the Canadian National Railways. In the budget presented last March 31 there was some claim that the government had not asked the money market for certain funds because the Canadian National Railways itself had gone into the bond market for new money. Surely the Minister of Transport is familiar with the requirements in this respect. This matter came into the debate on Monday and Tuesday of this week.

In October, I believe, last year the Canadian National Railways decided, itself, to launch an appeal for funds. In consequence of that decision the Bank of Canada, as has been presented to the House of Commons in debate in the last couple of days, enlarged the money supply in order to make this appeal possible. Then a matter of a month after the Bank of Canada came into the picture to facilitate this operation, Canadian National Railways bonds of October, 1960, depreciated by 8 points or 9 points on 100. With respect to the capital requirements related to this bill I think the minister should indicate to what extent the government is taking the responsibility. I think he should also indicate to what extent the Canadian National Railways is obligated to assume any deficits in its operating statements. I think this information is necessary and I should like to hear from the minister.

Mr. Balcer: What we are discussing now is the bill in its present form. The situation as far as the interest rate is concerned is quite clear. It is subject to the conditions set forth by the governor in council once the bill is approved. But as to what the railroad will do, as to whether it will go on the market or whether it will borrow from the Minister of Finance, this is a matter for decision by the management of the C.N.R. I am afraid that I cannot give any further answer.

The Chairman: Shall clause 4 carry?

Clause agreed to.

Clause 5 agreed to.

On clause 6—*Guarantee.*

(Translation):

Mr. Chevrier: With regard to the guarantee mentioned in this section, could the minister tell us what procedure is followed by the governor in council in giving this authorization and what form this guarantee would take?

Mr. Balcer: Mr. Chairman, I think that the bill is clear on that point. Now, the terms and the conditions of this guarantee will have to be determined in due course. I cannot for the moment give this information.

Mr. Chevrier: But there must be a procedure for all financial transactions between the government and the Canadian National Railways as there was in the past. I merely want to know whether there has been any change. I want to know what form the guarantee would take that the government will give on Canada bonds when the management of the Canadian National will ask the public to lend it over $9 million for the construction of this line, or $50 million, including the $9 million and other amounts that will be needed. What form of guarantee will the government offer for those bonds?

And here is the second question I want to put to the minister—well, I will keep to the one I just asked for the moment.

Mr. Balcer: Mr. Chairman, the form of the guarantee. In the first place, the bill is in exactly the same form as before. It contains no changes, the formula is the same and it is exactly the same system, basically.

From the point of view of interests, conditions, forms of the guarantee and all that, the system of financing is exactly the same as my predecessors used for the construction of railway branch lines. There is no difference on that point.

Mr. Chevrier: I am prepared to believe that such is the case, but no matter how much I kept repeating this to the colleagues of the Minister of Transport when I was sitting on the other side of the house, no one would accept it. I had to give the proper information and explain to the house sitting in committee what were the forms of guarantee, and each time I said that the bill was similar to others, the discussion was on

again and I had to explain again. I was able to give the explanations; sometimes it took hours but I explained what the forms of guarantee were because if I had not done so, especially with the hon. member for Greenwood (Mr. Macdonnell)—and I am happy to see him here today—who would question me continuously on the financial clauses and to say "It is not sufficient to say that the bill is similar to the one which was passed by the house in the past, the house is entitled to know what are the details in the present case."

That is why I asked the minister which form this guarantee would take. For example, would the guarantee be part of the bond issue of the C.N.R. or would it be a separate document as one might think under clause 6?

(Text):

The Chairman: Shall clause 6 carry?

Clause agreed to.

On clause 7—*Deposit of proceed of sale, etc., of securities.*

(Translation):

Mr. Chevrier: As for clause 7, the marginal note reads as follows:

Deposit of proceeds of sale, etc, of securities. The proceeds of any sale, pledge, or other disposition of any guaranteed securities shall in the first instance be paid into the consolidated revenue fund—

Well, the sale of what? Is it the sale of bonds or other securities? That is the first thing I would like to know.

Second, what is the meaning of

—proceeds of pledge—

I think the house should know how the proceeds of pledge can

—be paid into the consolidated revenue fund.

Mr. Balcer: I understand, Mr. Chairman—as a matter of fact, the hon. member knows quite well what is the answer to his question—

Mr. Chevrier: No, I do not.

Mr. Balcer: In this instance, priority is given to payments to be made into the consolidated revenue fund whenever there are proceeds from a sale or an issue, etc. If the Canadian National Railways owe money to the Minister of Finance, the payments must be made before anything else. That is how I understand it, but naturally, I am no financial expert.

Mr. Chevrier: What is the meaning of proceeds of pledge?

Mr. Balcer: According to the English text —I prefer not to give a definition, for fear of misinforming the house; I would rather not at the moment.

Mr. Chevrier: Without giving a definition, the minister should be able to tell us what he means by "proceeds of pledge", as mentioned in clause 7 of the bill.

(Text):

The Chairman: Shall clause 7 carry?

(Translation):

Mr. Chevrier: No, Mr. Speaker. The house is entitled to an explanation of the words, first: "proceeds of pledge" mentioned in that clause.

(Text):

Mr. Balcer: Mr. Chairman, I have consulted a great expert on these matters. He started to give me all the necessary explanation, but I am afraid we are delaying the committee. This is a very important bill and I would refer the hon. member for Laurier to the Minister of National Health and Welfare. If he has some free time after this sitting of the committee he may consult the minister and get all the information he requires on these financial matters and definitions.

(Translation):

Mr. Chevrier: I am not prepared to consult the Minister of National Health and Welfare (Mr. Monteith) because he is not an expert outside of his own department, and even there I have my doubts; but I shall give him the benefit of the doubt anyway. If the Minister of National Health and Welfare wants to tell us what is meant by the "proceeds of the pledge", I have no objection to accept his definition but it does seem to me that we should be told what is meant by this expression and also in what way the "proceeds of the pledge" shall in the first instance be paid into the consolidated revenue fund, because it is important for the committee to know the meaning and the definition of that expression.

Mr. English: Mr. Chairman, I think that "the proceeds of any sale, pledge—" simply means that a guarantee is being given.

Mr. Chevrier: Well, I am not prepared to accept the definition given by the hon. member for Gaspe—

Mr. English: Could we have yours?

Mr. Chevrier: —because he is not the sponsor of this bill; it is the Minister of Transport who introduced this bill to the house. Unless the Minister of Transport will accept the definition given by the hon. mem-

ber for Gaspe; that would be different. But as far as I am concerned, I am not ready to accept it as an explanation of the expression "the proceeds of a pledge".

Mr. English: Mr. Chairman, I have expressed my opinion about the definition of "a pledge" and if I am wrong, I would certainly be pleased to hear the hon. member for Laurier give us his definition.

Mr. Chevrier: I am not the sponsor of the bill.

Mr. Pigeon: Mr. Chairman, I should like to make a suggestion. Let a page boy bring a Larousse dictionary to the hon. member for Laurier; he would certainly find the definition there.

An hon. Member: It is the minister who should have a dictionary.

(Text):

The Chairman: Shall clause 7 carry?

Mr. Benidickson: I think the minister might enlighten the committee as to the result of operations in connection with this line. Would the surplus, the profit or the loss, be incorporated entirely within the normal financial statement of the Canadian National Railways or does the minister propose to come again to the House of Commons in connection with this investment and ask, as he does in the estimates for 1961-62, page 76, item 417, for the house itself to approve payments to the C.N.R. for deficits certified by the auditors of the company arising in certain circumstances?

Will this particular line of the railway be incorporated in the C.N.R. operating expenses for future years or will an item be required such as those enumerated in vote 417 of the estimates in connection with which, if a deficit arises, a parliamentary vote is required.

Mr. Balcer: To the best of my knowledge it would be the first alternative.

(Translation):

Mr. Chevrier: No, Mr. Chairman, I do not want to insist unduly, but I think the minister should now be in a position to give us at least an explanation or a broad definition of what is meant by that phrase, and in what way the "proceeds of the pledge" will be paid into the consolidated revenue fund.

Mr. Balcer: The definition I have before me is: "The proceeds of the pledge is the amount obtained through the borrowing, against a transfer of security, chattels or real estate".

Mr. Chairman, such "proceeds of any pledge, sale or other disposition of securities" must be deposited to the credit of the Receiver General of Canada in repayment of the temporary loan or loans granted by the government.

(Text):

The Chairman: Shall clause 7 carry?

(Translation):

Mr. Chevrier: I would refer the minister to subsection (2) of clause 7.

> The board of directors of the company may authorize application to be made to the Minister of Transport for the release of any part of the proceeds deposited pursuant to subsection (1) to the company.

Could the minister explain that second subsection?

Mr. Balcer: I do not think many explanations are necessary here. The subsection is clear; one only has to read it carefully.

> The board of directors of the company may authorize application to be made to the Minister of Transport for the release of any part of the proceeds deposited pursuant to subsection (1) to the company.

Which provides that:

> The proceeds of any sale, pledge, or other disposition of any guaranteed securities shall in the first instance be paid into the consolidated revenue fund or shall be deposited to the credit of the Minister of Finance in trust for the company, in one or more banks designated by him.

Therefore, it is the Minister of Transport who authorizes the withdrawal of that money and its use for the purpose of building the railway.

Mr. Chevrier: But what I would like the minister to clarify is how the proceeds of the sale or pledge of securities from the C.N.R. are to be deposited? It is said in subsection (2) that the application to the minister must originate from the board of directors of the company, or the C.N.R.

This matter does not seem clear to me. This is why I ask the minister to explain.

Mr. Balcer: I did not fully understand the question. Would the hon. member state it again?

Mr. Chevrier: I do not understand the exact meaning of subsection (2), and here is why: I am wondering how the proceeds of the sale or pledge which will be paid into the consolidated revenue fund can be returned or

requested from the minister, by the board of directors of the company, pursuant to subsection (2), for the purpose of meeting expenditures in respect of the construction of the railway line.

Because under the terms of the clause we just discussed, the C.N.R. may borrow either on notes, or through bond issues. This is the alternative.

I cannot see any need for subclause (2) of clause 7. Could the minister offer any explanation on that matter?

Mr. Balcer: Subclause (2) provides that:

The Minister of Transport may approve the applications, and upon the request of the Minister of Transport, the Minister of Finance may pay the amount or amounts of such applications or part thereof accordingly.

I think the very wording of the subclause answers the member's question.

(Text):

The Chairman: Clause 7 carried?

Clause agreed to.

Clause 8 agreed to.

On the schedule.

(Translation):

Mr. Chevrier: I have a remark to make with regard to the schedule, Mr. Chairman. Could the minister tell us if there is a marked difference between the estimated cost of the Canadian National and the actual cost?

Of course, he would be unable to answer that question with regard to the present line, because it has not yet been built.

However, the transport division must have faced that situation on some previous occasion. I cannot remember it right now, but, was the estimated cost of the Canadian National in the past not exceeded by the actual cost?

Mr. Balcer: My hon. friend asked that question in the committee on railways, canals and telegraph lines, the other day, and I have made some inquiries since.

With regard to the Beattyville-Chibougamau-St. Felicien line, which was, I think, built in 1954, the estimate for the 294 miles of track was $35 million, which meant an average cost per mile of $119,184.

The expenses actually incurred amounted to $34,788,219, or an average cost of $118,126 per mile.

We realize therefore that the margin between expenses and estimates was very slight. Nowadays, building costs are higher. That is why the basic estimate of $119,000, made in 1954, when the Beattyville-Chibougamau-St. Felicien line was built, has now increased to $140,000 for the same distance, that is, one mile.

[Mr. Chevrier.]

Mr. Chevrier: It is obvious that formerly, the actual cost exceeded the cost estimated by the Canadian National Railways and I suppose we may safely conclude that it will be again the case for the construction of this line.

Mr. Balcer: When I looked over the statistics for the last ten years, year by year, I realized that the estimated cost always went up, which means that it was regularly higher than for the preceding period.

Mr. Chevrier: The building costs may, of course, increase, but that is not my point.

What I would like to know is this: Considering past experience, and also the known figures, can the estimate of the Canadian National Railways which now amounts to $140,000 per mile, be exceeded once the railway line is built, let us say in 1962?

Mr. Balcer: No. I do not quite get the question. The hon. member asks whether the estimated cost arrived at by the C.N.R. or rather whether the C.N.R. will have to prepare new estimates as the months go by. Well, it will not be so. Since the amount is set for the whole contract, the amount will not be greater for the last month than for the first months of the contract.

Mr. Asselin: It is hypothetical question.

Mr. Chevrier: Perhaps my question was not quite clear, but it was surely not hypothetical as the hon. member for Charlevoix (Mr. Asselin) seems to suggest.

The figures given by the minister indicate that the estimated cost of the C.N.R. with regard to the railway lines that have been built, those from Chibougamau to St. Felicien, from Beattyville to Chibougamau, and from Barraute to Kiask Falls, has been exceeded in each case. It is a fact.

I am not referring to the increase of construction cost. That is a quite different matter. My point is that the C.N.R. said, according to its estimate—and I refer to the cost per mile only—that it would be $140,000 a mile. Now, I ask whether, in view of the experience with the Canadian National, you think that the $140,000 estimate will be exceeded once the line is completed.

Mr. Balcer: I do not think so. I have confidence in the estimates made by the C.N.R. But the economic position of the country has of course, to be considered. However, I believe the company's officials who placed the cost at $140,000 per mile have based their calcula-

tion on normal cost figures for that kind of project. Anyway, it is not up to me, as a mere layman, to say whether the $140,000 figure is or is not a good estimate.

Mr. Chevrier: Now, on January 16 the minister tabled in this house document number 149 which fully explains the expenditures on the building of three railways, those from St. Felicien to Lac Cache, from Beattyville to Lac Cache, and from Hillsport to Manitowadge Lake. There is a detailed account of the amounts spent annexed to that document and on page 1 of the annex there is an expenditure of about $8,400,000 plus 15 per cent, which would make a total of $9,600,000 or so, but I do not remember it too well. Could the minister tell us what percentage of this sum, for instance, would have been spent for land expropriation, engineering work, clearing, grading, bridge building, telephone and telegraph lines, stations, etc? Have the C.N.R. officials prepared a similar statement to that which was tabled in the house?

Mr. Balcer: Frankly, Mr. Chairman, we had a meeting with C.N.R. experts who came here to provide every possible information. One was an engineer, the other was in charge of development and all those people were entirely at the disposal of the committee. I cannot understand why the member for Laurier did not ask his questions at that time. I am certainly not in a position to give him any figures. He asked for certain technical details, strictly pertaining to civil engineering, and technical details about building, and I cannot give them to him. If he had advised me of his intention two or three days ago, I could have done so. But, now—

I sincerely wonder why he insists and why he did not seek that information when the C.N.R. experts were available to the committee.

Mr. Chevrier: Well, Mr. Chairman, I have asked the committee several questions, and I have received some information. On other points, I did not get the answer I was seeking. But that is not the point. Now, we are no longer in the railway committee but in committee of the whole, and it is the minister's responsibility to supply the required information.

The minister can certainly not say that I took advantage of him today. I asked him some questions which seemed simple to me. I asked questions that came to my mind without having prepared them beforehand. I have here the document which the minister tabled himself in this house, and he seemed surprised when I asked him how the nine and odd million dollars provided for that line would be distributed in respect of expropriation, engineering work, and so on. That was certainly not a question which should surprise him, as it was based on a document which he tabled in the house which he has seen and probably studied. I am asking a quite natural question. If he is unable to give me the required information, very well.

Mr. Balcer: I cannot give him that information, Mr. Chairman.

(Text):

Schedule carried.

Title carried.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read a third time? Now, by leave?

Mr. Chevrier: Next sitting of the house.

Mr. Deputy Speaker: There has been no amendment to the bill. Third reading could proceed today.

Mr. Chevrier: Mr. Speaker, it has been the custom in the past to allow third reading to go over to another day because during the evening or the next day considerations may arise which might place hon. members in the position of wanting to participate in the debate on third reading.

Mr. Deputy Speaker: It is up to the government whether or not it wishes to wait until tomorrow. If the minister wishes to move third reading today he may do so.

Mr. Balcer: Mr. Speaker, I wonder if the hon. member for Laurier (Mr. Chevrier) would revise his attitude? This is a project of great importance and many people are waiting for this large project to proceed.

Many man hours will be involved in this project; it is a big project and it will bring employment to a great many Canadians. I do not know why we should delay it.

Mr. Chevrier: Mr. Speaker, in view of the attitude taken, not by the Minister of Transport but by many of his colleagues, the government, in my opinion, does not deserve to get unanimous consent in so far as we are concerned, but—

Mr. Deputy Speaker: Order. I have indicated to the hon. member for Laurier

that since the committee has not amended the bill unanimous consent of the house is not required.

Mr. Chevrier: Will the Deputy Speaker allow me to speak to the point raised by the minister?

Mr. Deputy Speaker: Yes.

Mr. Chevrier: The point I wanted to make was this, and perhaps I made it too bluntly. In view of the attitude taken by certain hon. members toward the member for Laurier in connection with this legislation I do not think that the minister should have made the request he did. But, as I said, sir, I will disregard any of the statements made concerning myself, and in view of what the Minister of Transport said, I am quite sure that those of us who sit on this side of the house are perfectly happy to let the bill receive third reading, notwithstanding the fact that under normal circumstances it should stand over. Since the minister wishes the bill to receive third reading, and in view of the request he has made, we are perfectly satisfied to let it go forward.

(Translation):

Mr. Bourget: Mr. Chairman, I would like to add only one word in answer to the minister.

(Text):

Mr. Deputy Speaker: Order. If the hon. member wishes to speak on third reading he will have his opportunity in a moment.

Mr. Balcer moved the third reading of the bill.

(Translation):

Mr. Bourget: Mr. Chairman, I intend to support the bill. The Minister of Transport just made a statement which seems to indicate that we are responsible for the delay in the passing of this bill. If it is not what the minister meant to say, I offer him my apologies, and I withdraw what I said. However, I understood the minister to say that we had delayed the passing of this bill and therefore delayed creating work for a number of workers.

Mr. Balcer: Mr. Speaker, I asked very politely the hon. member for Laurier whether he would reconsider his decision because this is a potential work-making project.

(Text):

Mr. Deputy Speaker: Order. I must inform the minister that since he moved the third reading of the bill he is not entitled to speak because having moved it he is considered as having spoken. Is the house ready for the question?

(Translation):

Mr. Bourget: Well, Mr. Chairman, it may be implied, I think, from his remarks that the opposition was being blamed for having delayed the passing of this bill because the minister said: "Well, the purpose of this measure was to provide employment for a certain number of workers". We agree on that, but we are not ready to agree, for instance, that it is the fault of the opposition if this measure was not introduced before today or last week.

Repeatedly, the Leader of the Opposition (Mr. Pearson) asked the Prime Minister (Mr. Diefenbaker) if there were certain measures which could provide jobs for the workers and, if so, to introduce them in this house as soon as possible.

Consequently, I do not believe—

Mr. Tremblay: Vote, that is the best way to provide jobs.

An hon. Member: Keep quiet.

Mr. Bourget: Mr. Chairman, out of respect for you, I shall not answer the hon. member for Roberval (Mr. Tremblay) who interrupts again. I shall not answer because I wish to contribute—

Mr. Tremblay: Because you cannot.

Mr. Bourget: —because I want to contribute to the upholding of the proprieties of this house.

Once again, I say that we cannot be blamed under the circumstances, but we may come to the conclusion, by inference, that the minister blamed the opposition for having delayed the passing of this measure which would have provided jobs for workers. Well, the minister knows very well—

An hon. Member: That is what you are doing now.

Mr. Valade: You may not have done so, but you are doing it now.

Mr. Bourget: Mr. Chairman, for Heaven's sake, would it be possible for us to be given peace in this house? Could we have it once and for all?

Mr. Deputy Speaker: Order. May I remind all hon. members that it is against the rules to interrupt the hon. member who has the floor without his permission.

Mr. Bourget: Well, Mr. Chairman—

Mr. Valade: Mr. Chairman, would the hon. member allow me a question?

Mr. Bourget: Mr. Chairman, I have almost completed my remarks and I have only one more minute to go, but I shall allow the hon. member to put his question.

Mr. Valade: Does the hon. member intend to speak until six o'clock?

Mr. Bourget: Mr. Chairman, I do not intend to speak until six o'clock, but even if I did intend to do so, may I tell the hon. member that I would not need his permission to do it.

Mr. Chairman, the reason why I rose is because I do not want the opposition to be deemed responsible for having delayed the passing of a measure which could provide jobs for part of the 700,000 unemployed which we now have in this country.

That is the reason for my intervention.

An hon. Member: That is another question.

Mr. Tremblay: Then vote.

Mr. Asselin: Mr. Chairman, I feel that the hon. member for Levis (Mr. Bourget) understood very badly.

Mr. Bourget: Perhaps.

Mr. Asselin: —the request for co-operation that the Minister of Transport (Mr. Balcer) made to the hon. member for Laurier (Mr. Chevrier).

The minister simply asked the hon. member for Laurier to reconsider his decision and to have the motion providing for third reading of Bill C-69 passed today. He gave his reasons for doing so. He did not accuse the opposition. On the contrary, it is the hon. member for Levis who accused himself, saying it had been claimed that the opposition was delaying the adoption of this legislation.

The hon. minister simply said this: If the motion providing for third reading were adopted today we could benefit from the fact that this project might be started as soon as possible and thus provide work for thousands of persons. That was what the Minister of Transport meant to say.

And now, Mr. Speaker, I would like to challenge an allegation made by the hon. member for Laurier. He stated in this house that, if the bill was not passed it was because of the attitude of some hon. members on the government side.

Let me tell the hon. member for Laurier that we all co-operated in order to have this bill passed as soon as possible, and that every member in this house, like the hon. member for Laurier himself, has done everything they could to that end.

(Text):

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

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the acting house leader what the business will be for tomorrow and the rest of the week?

Mr. Nowlan: Mr. Speaker, as I think I intimated last night, tomorrow we will proceed with the estimates of the Department of Citizenship and Immigration, including all branches of that department such as the film board, the archives, the national library, everything for which the minister is responsible in addition to her regular departmental duties. Following the conclusion of the passing of those estimates we will take up the estimates of the Department of Agriculture and proceed with agriculture again on Friday, and when we have concluded those I will announce on Friday what we shall follow with.

Mr. Chevrier: I take it that there is no intention of going back to matters of transport which were announced last night?

Mr. Nowlan: That is, there is no intention of going back to those on Thursday or Friday.

Mr. Chevrier: Estimates for both days?

Mr. Nowlan: Estimates for both days.

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

Questions

ANSWERS TO QUESTIONS

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

BRITISH COLUMBIA—INDIAN DENTAL SERVICES

Question No. 69—**Mr. Howard:**

1. Since July 1, 1960, has any Indian child other than one attending the Hazelton amalgamated school in British Columbia had any teeth extracted by a dentist or dentists within the government service?

2. If so, what is for each such child, the name, the village from which each came, the date and number of extractions, and the name of the dentist?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. Yes.

2. See list attached.

The names of the patients are not shown as this would involve giving information which is normally considered as confidential between the practitioner and his patient.

As many of the children for whom dental services were carried out are in residential schools, the department is unable to indicate in each instance the village from which each child came. However, clinic locations are shown on the attached list.

While this inquiry relates to dental extractions only, it should be noted that more than 1,350 single tooth restorations as well as a considerable number of prosthodontic appliances were provided to Indian children in British Columbia during this same period.

DENTIST—Dr. C. J. Bannerman

Date	No. of patients	Location of clinic	Extractions	
			deciduous	permanent
July 6/60	6	Mount Currie	6	11
" 7	13	"	9	24
" 8	2	"	1	4
" 11	9	"	13	6
" 12	2	"	4	2
" 13	4	"	1	15
" 21	1	Lillooet	—	2
" 22	1	"	—	4
" 25	4	"	10	5
" 27	3	"	6	2
" 28	3	"	2	8
" 29	2	"	1	1
Aug. 2/60	5	Sechelt	2	4
" 16	6	Sliammon	—	17
" 17	7	"	4	7
" 18	3	"	2	2
" 19	2	"	1	2
" 22	1	"	2	—
" 23	2	"	4	1
" 24	5	"	5	3
" 25	3	"	—	4
" 30	1	Nanaimo Indian hospital	—	1
" 31	8	"	7	11
Sept. 1	3	"	4	—
" 6	4	"	8	14
" 7	4	"	5	10
" 8	1	"	—	3
" 9	1	"	—	8
" 12	1	Tsartlip school	2	—
" 13	5	"	8	4
" 14	1	"	1	2
" 15	8	"	15	4
" 16	2	"	7	—
" 19	7	"	17	4
" 20	4	"	12	—
" 21	3	"	5	—
" 22	2	"	1	1
" 23	4	"	—	6
Oct. 18	5	"	8	—
" 19	2	"	3	—
" 20	2	"	—	2
" 21	6	Songhees reserve	8	5
" 24	5	Beecher bay	3	4
" 31	6	Christie school	6	5
Nov. 1	4	"	11	1
" 2	8	"	19	—
" 3	8	"	17	6

Date	No. of patients	Location of clinic	Extractions	
			Deciduous	Permanent
Nov. 4	10	Christie school	9	6
" 7	6	"	5	6
" 8	6	"	2	5
" 9	4	"	1	6
" 10	11	"	—	16
" 15	16	Ahousat	46	1
" 16	5	"	11	—
" 17	8	"	15	1
" 18	10	"	26	—
" 21	11	"	22	—
" 22	9	"	5	13
" 23	1	"	1	—
" 24	6	Tofino	—	12
" 25	13	"	10	29
" 28	9	"	21	2
" 29	2	"	6	—
Dec. 1/60	9	Ucluelet	16	1
" 2	12	"	24	1
" 5	4	"	2	8
" 8	10	Alberni	4	17
" 9	4	"	6	—
" 12	11	"	15	3
" 13	25	"	30	15
" 14	17	"	27	13
" 15	16	"	17	20
" 16	3	"	—	10
" 19	12	"	4	21
" 20	6	"	1	7
" 22	2	Nanaimo Indian hospital	2	4
" 28	3	"	8	5
" 29	4	"	7	1
DENTIST—Dr. W. H. Derkson				
July. 5/60	1	Miller Bay Indian hospital	—	1
" 7	1	"	—	2
" 11	2	"	—	2
" 13	2	Port Simpson	—	4
" 14	3	"	—	3
" 15	1	"	—	1
" 18	3	Miller Bay hospital	—	7
" 20	1	"	—	2
" 22	4	"	—	10
" 26	3	"	—	3
" 27	8	"	—	18
" 28	3	"	—	7
" 29	8	"	—	17
Aug. 8	4	Burns Lake	3	2
" 9	10	"	8	9
" 10	2	"	—	4
" 11	3	"	—	4
" 15	3	Fort St. James	—	4
" 16	3	"	—	4
" 17	6	"	—	18
" 22	2	Vanderhoof	—	11
" 30	2	Vancouver clinic	1	2
Sep. 1	2	"	—	2
" 8	1	"	—	2
DENTIST—Dr. J. O. Crabbe				
July 5/60	1	Vancouver	—	3
" 6	4	Seabird island	2	2
" 7	3	Sardis	1	2
" 8	5	"	4	3
" 14	2	Vancouver	—	5
" 15	2	"	—	3
" 25	15	Anahim reserve	12	5
" 26	10	"	11	3
" 27	7	"	10	2
" 29	1	Williams Lake	5	—
Oct. 7	1	Vancouver	1	—
" 26	17	Mission residential school	1	20
" 27	2	"	1	1
" 28	1	"	—	2
Nov. 2	7	Sechelt residential school	2	7
" 4	1	"	—	2

Date	No. of patients	Location of clinic	Extractions deciduous	Extractions permanent
Nov. 15	3	Bella Coola	3	1
Dec. 1	1	Vancouver	1	—
" 6	5	Mission residential school	7	1
" 7	3	"	1	3
" 9	1	"	—	1
" 12	2	"	1	1
" 14	2	"	—	3
" 15	2	Coqualeetza Indian hospital	2	1
" 20	1	Vancouver	—	1
DENTIST—Dr. C. H. Farley				
Aug. 12/60	1	Kamloops	—	2
" 15	1	"	1	1
" 16	1	"	1	—
" 17	1	"	2	—
" 19	2	Deadman's Creek	4	—
" 23	1	Kamloops	2	—
" 24	3	"	4	1
" 25	1	"	3	1
" 26	1	Bonaparte	—	2
" 26	3	Kamloops	—	5
DENTIST—Dr. S. J. McNee				
Sep. 24/60	1	Miller Bay hospital	—	1
" 27	3	"	5	—
Oct. 3	1	"	2	—
" 6	1	"	—	1
" 11	3	"	—	4
" 12	2	"	—	6
" 14	6	"	1	7
Otc. 25/60	4	Miller Bay hospital	1	5
" 26	2	"	1	1
" 27	3	"	4	2
" 28	3	"	3	—
" 30	3	"	4	—
Nov. 1	1	"	1	—
" 3	3	"	4	—
" 4	1	"	1	1
" 10	14	Lejac residential school	9	8
" 14	15	"	8	16
" 15	21	"	2	34
" 16	13	Fort St. James	11	9
" 17	22	"	11	24
" 18	10	"	2	13
" 21	6	"	2	10
" 22	9	Vanderhoof	8	3
" 23	14	Burns Lake	17	4

HAZELTON SCHOOL, B.C.—INDIAN DENTAL SERVICES

Question No. 70—**Mr. Howard:**

1. Since July 1, 1960, has any Indian child attending the Hazelton amalgamated school in British Columbia had any teeth extracted by a dentist or dentists within the government service?

2. If so, what is, for each such child, the name, the village from which each came, the date and number of extractions, and the name of the dentist?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. Yes.

2. See list attached.

The names of the patients are not shown as this would involve giving information which is normally considered as confidential between the practitioner and his patient.

As many of the children for whom dental services were carried out are in residential schools, the department is unable to indicate in each instance the village from which each child came. However clinic locations are shown on the attached list.

Questions

DENTIST—Dr. S. J. McNee

Date	No. of patients	Location of clinic	Extractions	
			deciduous	permanent
Nov. 28/60	12	Hazelton	9	11
" 29	13	"	7	16
" 30	15	"	—	27
Dec. 1	19	"	—	49
" 2	8	St. Joseph's school, Hagwilget	2	9
" 5	17	"	5	15
" 6	9	Kispiox Indian day school	7	6
" 7	16	"	9	12
" 8	10	Glen Vowell school	6	5
" 22	1	Miller Bay hospital	—	4
" 29	1	"	—	1
DENTIST—Dr. W. H. Derkson				
Aug. 2/60	1	Hazelton	—	1

HOUSE OF COMMONS

Thursday, February 23, 1961

The house met at 2.30 p.m.

STANDING ORDERS

Fourth report of standing committee on standing orders—Miss Aitken.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MEMBERS OF U.S. CONGRESS

Right Hon. J. G. Diefenbaker (Prime Minister): From time immemorial it has been a convention in accordance with British parliamentary tradition that no one is permitted within the precincts of the House of Commons except the members, the reason being, as Your Honour knows, that in the days of Charles I and prior thereto, if there was anyone of distinction or power present in the gallery the freedom of members of parliament to speak was, to say the least, circumscribed if not denied. That tradition survives today in the fiction that there is no one present at any time in the galleries of the House of Commons.

Nevertheless, these fears of intimidation on this occasion, however distinguished the delegation, do not prevent me—and I hope the house will not deny me—the privilege and opportunity of welcoming the members of the United States Senate and House of Representatives who are in this city meeting with the parliamentary representatives of Canada. The agenda is an important one dealing with such matters as foreign affairs, defence, and economic problems which activate each of our nations. The relationship between our countries, long one of the closest in the world, is represented officially by such organizations as the international joint commission and the permanent joint board on defence and, on the cabinet level by the committee on joint defence and the committee on trade and economic questions.

These members of the United States congress who are with us today bring to us the strength, the vigour and the knowledge of the co-operation which prevails between our two countries. I for one, many years ago, advocated in this chamber the need of bringing together representatives of the United States and Canada, and I was joined in that opinion by the hon. member for Laurier. In the intervening years those meetings were not achieved, except through the parliamentary group of the commonwealth parliamentary association, until 1958. Since then there have been these exchanges between parliamentarians of our countries which mean so much to each of us, joined together not only geographically but in the mind and soul for the maintenance and preservation of freedom.

Our interdependence cannot be achieved without mutual awareness. There will be problems. There have been problems. We solve them through the instrumentality of discussion and agreement. The removal of misunderstandings is a continuing task with us. We do this in the broad and harmonious perspective of understanding. Unofficial though this organization is, it has already contributed much to understanding between our countries and the solution of problems which have risen, and I know that that function will continue in the years ahead.

It is therefore my privilege as Prime Minister, through you, sir, to extend to Senator Aiken as chairman of the visiting group of senators and congressmen the thanks of the Canadian parliament for their visit with us, coupled with the warmest welcome that we can accord to those with whom we are united in sentiment and dedication.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, it gives me very special pleasure to join with the Prime Minister on behalf of the official opposition in the welcome he has extended to our guests from the United States. To adapt that expression of the seventeenth century which the Prime Minister mentioned as one inspiring intimidation, we might say in this case "We spy friends".

This joint committee of the United States congress and the Canadian parliament is, as the Prime Minister has said, playing an increasingly useful part in examining into and strengthening the good relations between our two countries, helping to keep the neighbourhood fences in good repair, a result that does not just happen of itself.

In Canada, relations with our neighbour have been a major concern of ours ever since we became a nation, and indeed before that. The problems arising out of those relations are nothing new; yet we have always, at least in this century, managed to settle our difficulties in a manner which reflects the

Congress Members in Gallery

genuine friendship and underlying good will between our two peoples. Perhaps it is well to recall this at this time in order to keep problems in perspective and to remind ourselves of the deeper and more important things that bind us together in a dangerous world.

Senator Aiken, who is a member of the United States delegation and whom we all know, respect and admire, said the other day that the United States and Canada cannot differ too much because our interests are "hopelessly interlocked". They are also, I believe, "hopefully" interlocked. Co-operation between us in defence, in trade and in everything else is essential. There will be honest differences among us in Canada as to the best methods for achieving co-operation in a changing world, but there will be no differences between us as to the necessity for such co-operation and the necessity for working together in an effort to promote progress, peace and security in the world today with justice and freedom for all.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I am pleased to join with the Prime Minister and Leader of the Opposition in welcoming to our galleries the distinguished representatives from the United States Senate and House of Representatives. In the past I have had the good fortune of being a member of the Canadian part of this joint interparliamentary group, and I can say that in those initial discussions I believe we had a frank exchange of views. I believe that the establishment of this group can and should lead to a better understanding between our nations.

It would not be frank on my part, Mr. Speaker, if I did not say that in view of the C.C.F.-New Party there are major outstanding differences between our two nations with regard to trade, economic, defence and other problems; but we are convinced that with clear and frank discussion, with an honest effort to settle those differences, we can make progress in building democracy, freedom and prosperity.

Our rules are not the same—we find that out every day—as the rules governing debate in the United States congress. Under our rules we are not able to give the same kind of extended welcome that some of us have received on the floor of the United States Senate; none the less, under our procedures where we have party representation, we can say to our distinguished friends that they receive today a unanimous welcome from the Canadian House of Commons.

[Mr. Pearson.]

EXTERNAL AFFAIRS

ANNOUNCEMENT OF VISIT OF PRIME MINISTER OF GREECE

Right Hon. J. G. Diefenbaker (Prime Minister): I hope the spirit of unanimity will continue after I have finished. Now, sir, I wish to announce that the Prime Minister of Greece, Mr. Karamanlis, has accepted an invitation to pay an official visit to Ottawa. His visit is planned for April 13 and 14; the details of that visit are to be announced later on.

We welcome him as a representative of one of our NATO allies and of a people who have made a great contribution to Canada in the years in which they have been among our citizens.

DOMINION-PROVINCIAL CONFERENCE

TABLING OF CORRESPONDENCE WITH PREMIERS

Right Hon. J. G. Diefenbaker (Prime Minister): The hon. member for Bonavista-Twillingate, on a number of occasions last week, asked for the tabling of the exchange of correspondence with the premiers of the provinces in connection with the dominion-provincial conference being held today and tomorrow. With the leave of the house I will table this correspondence now.

Mr. Pickersgill: Will the Prime Minister ask to have the letters printed in *Hansard*, as is customary?

Mr. Diefenbaker: The hon. gentleman suggests that they be printed as an appendix to *Hansard*. If that is agreeable to the house, it is acceptable.

Mr. Speaker: Does the house give unanimous consent to the printing of the letters just tabled as an appendix to today's *Hansard*?

Some hon. Members: Agreed.

[*Editor's Note: For correspondence referred to above, see appendix.*]

UNITED NATIONS

CANADIAN DELEGATION TO RESUMED GENERAL ASSEMBLY

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish now to announce the composition of the Canadian delegation to the resumed session of the United Nations general assembly on March 7. The Canadian delegation will be led, of course, by the Secretary of State for External Affairs (Mr. Green). The vice-chairman will be the parliamentary secretary to the Secretary of State for External Affairs, the hon. member for Oxford (Mr. Nesbitt). The remaining delegates and alternate delegates will be drawn

entirely from the group who served during the first half of the general assembly session last fall. Arrangements are being made for parliamentary observers to attend. While I am unable at the moment to give their names, they will be drawn, as usual, two from this side of the house and one from each of the opposition parties.

The delegation will be slightly smaller than for a regular session because the assembly disposed of a major portion of its business before it recessed at Christmas. Three of the assembly's main committees have already completed their work, and the delegation to the resumed session is to deal with the work of the remaining four committees.

The delegation will in fact consist of Senator Blois from the other place, the hon. member for Calgary South, the hon. member for Charlevoix and, from the Department of External Affairs, General Burns, the government's disarmament adviser, Mr. C. S. A. Ritchie, the Canadian permanent representative to the United Nations, and Mr. Morley Scott.

The Canadian government for its part hopes that the renewed debates may serve to improve the international atmosphere and that progress will be made particularly on the problem of disarmament.

TRADE

O.E.C.D.—APPROVAL OF CONVENTION AND RELATED AGREEMENTS

On the order: Government notices of motions:

February 21—The Prime Minister—the following proposed resolution:—

That it is expedient that the houses of parliament do approve the convention on the organization for economic co-operation and development, supplementary protocol No. 1 to the convention on the organization for economic co-operation and development, supplementary protocol No. 2 to the convention on the organization for economic co-operation and development, and the memorandum of understanding on the application of article XV of the convention on the organization for economic co-operation and development, all of which were signed in Paris on December 14, 1960; and that this house do approve the above agreements.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion is transferred to and ordered for consideration under government orders at the next sitting of the house.

UNITED NATIONS

CONGO—INQUIRY AS TO REQUEST FOR ADDITIONAL FORCES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Prime Minister or the Secretary of State for External Affairs arising out of a report to the effect that the Secretary General of the United Nations has called on members of the United Nations to strengthen the emergency force in the Congo. My question is whether the government has taken any action in regard to this request of the secretary general.

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I think the request has not been made just in the terms cited by the Leader of the Opposition. The force requirements under the new security council resolution of February 21 are only now being assessed by those responsible for the United Nations operation in the Congo, who are in the best position to judge which countries can make the most useful contribution. As I indicated to the house on February 21, no request for additional forces has so far been made to Canada. The government is, of course, prepared to examine any requests put before it.

CONGO—REQUEST FOR PROTEST AGAINST POLITICAL MURDERS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Would the minister care to comment on the reported continuation of political murders in the Congo? Will Canada speak out strongly against this revolting blood bath?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, there is no doubt whatever about the revulsion felt in Canada generally, by all members of this house and also, I suggest, in every country of the world, at the continuing reports of assassinations for political purposes in the Congo. It is precisely to put an end to this and other acts of bloodshed in the Congo that the latest security council resolution gives greater authority for the United Nations to intervene in the Congolese situation.

It is too early yet to have arrived at a precise assessment or interpretation of all the implications of the security council resolution of February 21. Various measures calling for procedures of implementation have been included in the resolution. These measures are broad in scope, and it has not yet been established in what way the United Nations will carry them out. Various Congolese leaders are known to have taken strong exception to one or more of the measures envisaged in the resolution.

However, as the most important purpose of the security council resolution is to prevent civil war in the Congo, it can be assumed that the United Nations representatives will rely

primarily on consultation, persuasion and conciliation to bring about co-operation among the various factions and with the United Nations forces on the ground. This would appear to offer the best hope of pacification and stabilization in the Congo.

I suggest that at this date we should not be concentrating our attention on this question of the possible use of force. The resolution states clearly that force would be used only if necessary and in the last resort. I am sure that we can rely on the good judgment of the Irish commander of the U.N. forces in the Congo, General McKeown, to act responsibly.

I would point out again that as the purpose of the United Nations is to prevent civil war, its immediate recourse must surely be to the arts of peace, namely patient negotiation and conciliation.

FINANCE

NEWSPAPER ARTICLE SUGGESTING RESIGNATION OF MINISTER

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I should like to direct a question to the Minister of Finance based upon the following statement which appeared in this morning's *Globe and Mail*:

> It is pitiful to see a minister of the crown so clearly contradicting himself, for the sake of political expediency. Yet we can stand the humiliation of a minister. What is not tolerable is that a responsible minister, for the sake of political expediency, should perpetuate and spread, within the country and abroad—

Mr. Speaker: Order. If the hon. member rose to ask for information, it seems to me that he is making something of political accusation. If there is a question of administrative responsibility arising out of the report, will the hon. member please ask it.

Mr. Chevrier: Yes, Mr. Speaker, there is a definite question. In view of these special harmonious circumstances today I would have thought you would have relaxed the rule somewhat, but be that as it may, I ask the Minister of Finance this question in view of the statement which calls upon him for his resignation if he is not able to handle Mr. Coyne. My question is this. What course does the minister intend to take in view of the statement contained in the *Globe and Mail*?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the minister intends to pursue a course in better keeping with the rules of the house than that being followed by the hon. member for Laurier. The statement he read was not an item in the newspaper at all; it was an extract from an editorial.

[Mr. Green.]

Mr. Martin (Essex East): That is right.

Mr. Fleming (Eglinton): The question was not asked for information, but I suppose the reading from an editorial based on a particular point of view has sufficiently served the purposes of the hon. member for Laurier. He has, however, succeeded in breaking the rules in several respects already. I do not intend to follow his example in that regard.

Mr. Pickersgill: You are doing it already.

Mr. Fleming (Eglinton): So far as the Minister of Finance is concerned, Mr. Speaker, his course of action will be governed by his duty and not by dictation from elsewhere.

LABOUR CONDITIONS

UNEMPLOYMENT—IMPLEMENTATION OF DOUBLE DEPRECIATION PROGRAM

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, before my dear friend the Minister of Finance departs from his present ministerial responsibilities may I direct to him a question based on a request made by the president of the Canadian Construction Association, namely that in view of the unemployment situation in Canada the federal government implement its double depreciation program. My question based on this statement is this. Is the minister now in a position to tell the house when we may expect this program to be implemented, if it is to be at all effective in the present unemployment situation?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I have not seen the statement to which the hon. member refers. Apparently he has earlier access to statements directed to me than I myself have. I may say that the provisions for double depreciation in the case of industries introducing new methods or making new products in Canada were approved some time ago.

UNEMPLOYMENT—INQUIRY AS TO AREAS OF CHRONIC UNEMPLOYMENT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to direct a question to the Minister of Finance. In view of the statement the minister made the other day, that without question there was an emergency over unemployment, I should like to ask him whether he does not think it is urgent to designate the areas of chronic unemployment and take the necessary steps.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I did not say there was an emergency over unemployment at all. On the contrary, I referred to statements made

by the official opposition to that effect and expressed more than mild surprise that if the opposition truly held that opinion they had chosen to forgo the opportunity that was presented to them on Monday to have a debate on the subject.

Mr. Pickersgill: I am rising on a question of personal privilege, Mr. Speaker.

Some hon. Members: Sit down.

Mr. Speaker: Order. If the hon. member is rising on a question of privilege I will hear him. I was just about to say that I thought no supplementary question would be admissible in this debate, which has already gone too far.

Mr. Pickersgill: Mr. Speaker, I have no desire to ask a supplementary question. The minister has called my word into question and I should like to draw his attention to *Hansard* of February 21, which I looked at just before coming into the house, where at page 2253 the minister is reported as having said:

> Mr. Speaker, I should like to begin my remarks this afternoon by quoting with full approval the opening remarks made by the hon. member for Kootenay West—

The first sentence of the remarks of the hon. member for Kootenay West began:

> Without any question, that is an emergency.

He was referring to unemployment.

Mr. Fleming (Eglinton): The hon. member has missed the point entirely. He has missed the bus, as usual. He was not in the house when these remarks were made.

Mr. Pickersgill: I just rely on the words.

Mr. Fleming (Eglinton): He was not in the house, so as a Johnny-come-lately he has been reading *Hansard*. I quoted with approval the remarks of the hon. member for Kootenay West when he very properly and severely castigated the official opposition for having talked endlessly about the existence of a national emergency in relation to unemployment, and when they had an opportunity to have a debate on that subject they turned tail and did not choose to do so; they chose another subject, a stale subject, a repetition of a debate we had two years ago.

[*Later:*]

Hon. Paul Martin (Essex East): May I ask the Minister of Trade and Commerce if it is a fact that the responsibility for the scheduling of depressed areas in order to take advantage of the double depreciation allowances announced by the Minister of Finance is to be the responsibility of the hon. gentleman's department? In that event, will the minister say when we may expect this policy to be implemented?

Hon. George H. Hees (Minister of Trade and Commerce): I think the Minister of Finance has made the whole situation very clear to the opposition, and I have nothing to add to what he has said.

Mr. Martin (Essex East): Is the responsibility to be that of the Minister of Trade and Commerce?

Mr. Hees: No. The designation of those areas has always been a responsibility of the Department of Labour.

[*Later:*]

Mr. Martin (Essex East): In view of the importance of this matter in relation to the present extent of unemployment in Canada, may I ask the Minister of Labour whether it is a fact that the administration of the depressed area program in connection with the double depreciation allowance policy of the government is to be carried out by his department, or whether it is his understanding that it is to be administered by the Minister of Finance or the Minister of Trade and Commerce.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the designation of the labour surplus areas is to be made by the governor in council. I have nothing further to add to what has already been given in answer to questions directed to the Prime Minister some few days ago.

Mr. Martin (Essex East): Are we to take from the minister's reply that the members of the cabinet either do not know who is responsible for this program or—

Mr. Speaker: Order. The hon. member is now expressing an argumentative line of reasoning.

Mr. Martin (Essex East): With great respect, Mr. Speaker, surely we are entitled to ask which minister and which department will be responsible for the administration of this very important program. I have asked the Minister of Finance, the Minister of Trade and Commerce and now the Minister of Labour, and we have not yet received a definite answer. If the Minister of Labour says that the government's policy will be announced in due course, that is all right, but surely we are entitled to know whether that is the reply or whether the government does know who is going to be responsible.

Mr. Starr: Mr. Speaker, I rise on a question of privilege—

Mr. Speaker: Order. As the hon. member for Essex East suggested, he has a right to

ask his questions, and he has asked them; but I would not think he had the right to go down the front benches putting his questions in order to find out by the sweep and search method. That, however, is not the reason I intervened. The hon. member's question was of an argumentative nature.

Mr. Starr: Mr. Speaker, I should like to set the record straight. I referred to the answer the Prime Minister gave some few days ago to a question asked, I believe, by the hon. member for Bonavista-Twillingate. At that time the Prime Minister said—and I am now attempting to paraphrase—that when the policy was decided upon it would be announced in the normal way. The hon. member for Essex East did not happen to be in the house on that occasion, and I regret this, but if he will read *Hansard* he will find his answer.

GALT, ONT.—REPORTED INTIMIDATION OF UNEMPLOYED

On the orders of the day:

Mr. C. A. Cathers (York North): Mr. Speaker, I should like to direct a question to the Minister of Labour. Has the minister any comment to make on a charge reported in the *Globe and Mail* yesterday as emanating from Mr. Sefton of district 6, united steelworkers of America, to the effect that unemployed workers were being intimidated by the unemployment insurance office in Galt?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I noted with interest the press release issued by Mr. Larry Sefton, director district 6, united steel workers of America, charging intimidation of unemployed workers by officials of the national employment service at Galt. This indeed is a reflection upon the national employment service, the hon. member for Waterloo South, and myself since, I, too was mentioned in this press release. This reference also appeared in the newspaper article to which the hon. member referred.

In essence, Mr. Sefton takes exception to the fact that persons who had forwarded printed cards to the hon. member for Waterloo South were called into the office of the unemployment insurance commission and interviewed with a view to finding employment for them. He also charges that they were reprimanded for sending cards to the hon. member.

My office has been in touch with Mr. Fitzgibbon, the manager of the Galt office, and we are assured that no person interviewed was reprimanded or criticized in any way for having signed the cards in question. What happened was that on receipt of a number of cards which were forwarded in line with what Mr. Sefton describes as—and I quote the report in part—"a postcard campaign for jobs" and which cards read, in part:

—please let me know where to apply. I want work, not unemployment insurance or welfare payments—

—the hon. member for Waterloo South spoke to me and I advised him to forward the cards to the local unemployment insurance commission office and ask the officials of the commission in that office to look into the possibility of finding employment for the signers of the cards. This is normal procedure and something that is done in every case when any individual writes indicating that he or she is without employment.

The necessary follow-up to such procedure is, of course, to bring the individual in for interview with a view to determining his employability and his availability for work. I might say in this connection that while the national placement service are operating in an efficient manner, they have not yet reached the point where they are in a position to refer people to jobs without interviewing them.

The interviews in question, conducted in accordance with the accepted practices for such interviews and in a genuine spirit of attempting to find work for the persons involved, turned up some interesting facts. Perhaps the facts that became evident might account for Mr. Sefton's objection to having such persons interviewed at all.

Mr. Speaker: Order. Before the minister proceeds, I invite him to consider whether it is necessary to elaborate on what he has already said. After all, the minister is supposed to be giving a concise answer to a concise question, and I consider that he has had an opportunity to give a very full answer in explanation.

Mr. Hazen Argue (Assiniboia): On the point of order you raised, Mr. Speaker, I do not object to the detailed statement the minister is now making, but on such a controversial question it would be more appropriate for him to have made that statement on motions so that it could be commented upon by representatives of all political parties, instead of making it in a way which means that very little comment can be made except by questions.

Hon. J. W. Pickersgill (Bonavista-Twillingate): On the point of order, Mr. Speaker, I think it would be still more appropriate for this explanation to be made in committee of supply on the estimates of the Department of Labour so that the hon. member for York

North would not be given privileges not given to other hon. members of the house to discuss this very important question; and I suggest that this be done tomorrow.

Mr. Anderson: Mr. Speaker, I rise on a question of privilege—

Mr. Speaker: Order. Unless the Minister of Labour feels there is some fact essential to the answer which has not yet been given, I suggest that he consider the question as answered.

Mr. Starr: Mr. Speaker, the hon. member for Assiniboia stated that this was a controversial subject. In fact it is not. There has been a serious charge made against the national employment service office, the hon. member for Waterloo South and myself.

Mr. Speaker: I was not sure when the minister continued whether he was making a matter of privilege out of it or simply answering the question asked by the hon. member for York North. He has amply answered the question raised by the hon. member for York North, and unless there is a matter of privilege or something new I suggest that that should be the end of it.

Mr. William Anderson (Waterloo South): Mr. Speaker, I rise on a question of privilege affecting a great many hon. members of this house in addition to myself as the member of parliament referred to in this report. I think the charge laid against the unemployment insurance office in Galt and against me personally is a downright disgrace. I acted, as usual, in good faith and I am certainly not reported correctly. Not only did I forward the cards and ask that the manager grant the individuals involved an interview, but I personally wrote each individual; but that is not mentioned in the report.

Mr. Speaker: Perhaps the hon. member for Waterloo South would indicate what charge was made against him and by whom as a basis for raising a question of his privileges as a member of the house. Just a discussion of the background of the matter seems to me not to be warranted unless there was some specific charge against the hon. member's character or conduct made by some specific person, and unless the hon. member can indicate who it was and what the charge was on which he bases his question of privilege.

Mr. Anderson: Mr. Speaker, the charge was laid against me personally and against the office in Galt by Mr. Larry Sefton, district 6, united steel workers of America, the Toronto office. I bring this to the attention of the house only as a result of the minister's statement.

Mr. Speaker: I did not understand the hon. member to state what the charge was that might reflect on his conduct as a member.

Mr. Anderson: The charge was that of subtle intimidation on the part of myself and the manager of the unemployment insurance office in Galt, Mr. Speaker.

Mr. Speaker: I may be mistaken but as I understood the statement the intimidation was alleged to have come from the unemployment insurance office and not from the hon. member. I think there is no question of privilege there and that the hon. member's explanation would be sufficient to deal with the matter.

Some hon. Members: Oh, oh.

Mr. Speaker: Did I hear some hon. member who wishes to say something further or the point?

Mr. Argue: A supplementary question, Mr. Speaker. In view of the serious charges that have been made by certain trade union officials against certain employees of the national employment service, would the minister consider referring the whole question to the industrial relations committee so that the people making the charges and those against whom charges have been made could appear before the committee to give evidence, thus enabling us to get to the root of this matter and see whether or not intimidation has been resorted to?

Mr. Anderson: None of the people involved even answered the letters I sent out to them.

Mr. Starr: I made a complete investigation of the whole matter, and I find that there is no necessity for a referral of this matter to the industrial relations committee because those charges are unfounded. They have been made for political reasons and without any foundation whatever, and those who happen to be unemployed—they are using them to further their political activity. Certain cards are being signed by persons other than those whose names appear on them.

Mr. Argue: That is a rotten statement.

Mr. Anderson: Withdraw.

Mr. Ricard: Did you organize them? It looks as though you organized them.

Mr. Speaker: I am sure the hon. member should not make such a statement from his seat. If he wishes to take issue—

Some hon. Members: Withdraw.

Inquiries of the Ministry

Mr. Speaker: I was not asking the hon. member to withdraw, but if he wishes to take issue with the minister he should find the appropriate time and way to do so.

Mr. Anderson: The leader of the C.C.F. should withdraw. I have proof of what I say right here on my desk.

Mr. Argue: I am not withdrawing.

HOUSING

N.H.A.—INQUIRY AS TO LOANS ON EXISTING BUILDINGS

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Prime Minister. Can he say whether the government intends at this session to introduce legislation that would permit N.H.A. approved lending on existing housing?

Right Hon. J. G. Diefenbaker (Prime Minister): As the hon. member knows, Mr. Speaker, declarations of policy are not made in answer to questions at this time.

THE CENSUS

FORT WILLIAM—INQUIRY AS TO APPOINTMENT OF COMMISSIONER

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Can the minister inform the house whether a census commissioner has been appointed for the electoral district of Fort William? If so, will he indicate the name of the person?

Some hon. Members: Order paper.

Mr. Speaker: Order. Before the minister answers the question, may I remind the hon. member for Fort William that there are 265 districts, each with four census commissioners. If each member were allowed a question, it would be impossible to carry on any public business for the rest of the week. I suggest that he put the question on the order paper or address it privately to the minister.

Mr. Badanai: May I say that I sent the minister notice of my intention to ask this question. I therefore believe he has the answer.

Mr. Speaker: I am sorry, but the minister is not able to answer questions which are not admitted.

POST OFFICE DEPARTMENT

REPORTED INCREASE IN PARCEL POST RATES

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, I wish to direct a question to the Postmaster General. First, however, may I be permitted to congratulate him on his birthday and wish him every success and a long and happy life, outside the house, of course. My question is this. Can the minister advise the house whether the rates of postage on parcels have been increased since the opening of this session? If so, to what extent and on what authority?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, I thank the hon. member for the expression of his regard. I too hope that I shall be around here for a long time, inside as well as outside, and that he will be in that position which he occupies to ask me questions.

It was announced several months ago that there would be an increase in the parcel post rates effective March 1, under the normal authority which applies. Those rates are not established by parliament.

Mr. Denis: I have a supplementary question. Can the minister explain why the house was not informed of this matter in view of the fact that we have been sitting since November last?

Mr. Speaker: Order. The hon. member is asking about information that is equally accessible to all members of the house.

NATIONAL REVENUE

REPORTED INTENTION TO CHARGE SALES TAX ON BRAKE LININGS

On the orders of the day:

Mr. Guy Rouleau (Dollard): I wish to direct a question to the Minister of National Revenue based upon a telegram I just received from a Mr. Richard of United Auto Parts of St. Laurent and Montreal in agreement with the Canadian automotive wholesalers manufacturing association. I should like to ask the minister whether he is aware of the fact that, effective March 1, all factories doing lining of brakeshoes will have to obtain a manufacturer's sales tax licence and charge that tax to garage owners, the direct effect of which will be to penalize small enterprise and to increase unjustly the price charged to and paid by the general consumer?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I am not in a position to deal in detail with that question, as I should wish to study it in *Hansard*. However, it is not correct that all manufacturers are obliged to do this. The sales tax applies only to those over the $3,000 limit. I have been told by the department that many protests have been received from other manufacturers to the effect that they have been compelled to pay sales tax while some manufacturers of brakeshoes

who have been manufacturing to the extent of up to a quarter of a million dollars have not been paying sales tax. Therefore regulations have been promulgated by the department in order to attempt to correct the situation. I will review the situation again and be in a position to give the hon. member a more definitive and definite answer after I have read the terms of this question.

CANADIAN BROADCASTING CORPORATION

LACOMBE, ALTA.—REPORTED INTENTION TO MOVE STATION

On the orders of the day:

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the other day the hon. member for Wetaskiwin asked me a question with respect to the transfer of a broadcasting station in his constituency. At the time I told him that I should be obliged to make inquiries and would answer in due course.

I am advised by the Canadian Broadcasting Corporation that this matter has been the subject of representations from many hon. members of the house. I myself have received representations from the hon. member for Calgary South (Mr. Smith) as well as from the hon. member for Wetaskiwin, although with a slightly different point of view. Nevertheless they have all been greatly interested in this matter.

The corporation advise me that there are definite plans for improvement of radio coverage for all of the province of Alberta. The corporation has explored the possibility of establishing one or more new stations. A number of areas have been studied, but to date no firm decision has been reached as to the location of new areas or the moving of old transmitters to other areas.

Mr. J. S. Speakman (Wetaskiwin): In view of the economic impact on these small areas, would the minister assure the house that the consideration will be very serious indeed?

Mr. Nowlan: Mr. Speaker, I appreciate the economic impact, and that is one factor that will have to be taken into consideration by the corporation. But of course the paramount consideration is the provision to the largest possible number of people with the services of the finest broadcasting system in the world, the Canadian Broadcasting Corporation.

(Translation):

NEWSPAPER REPORTS ON HOUSE PROCEEDINGS

On the orders of the day:

Mr. Georges J. Valade (St. Mary): Mr. Speaker, yesterday I asked the Minister of National Revenue a question and I was surprised to find my question answered by the press in today's papers.

I hope the minister will also be able to answer the question and tell us whether he is right or whether we must accept the interpretation of the press.

Also, on a question of privilege, Mr. Speaker. Following up that question I asked an additional one, which may be found at page 2306 of *Hansard* of February 22:

If this permission is not allowed—

(Text):

Mr. Speaker: Order. Would the hon. member allow the minister to answer before he enters into another matter.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I have not had an opportunity of reading the newspapers today to the same extent as the hon. member because I have been busy on other matters. I will certainly read the reports to which he has referred and give an answer in due course.

Mr. Speaker: Order. Is the hon. member rising to ask a further question, or on a question of privilege?

Mr. Valade: On a question of privilege, Mr. Speaker.

(Translation):

Mr. Speaker, following that supplementary question, yesterday, I asked another one which appears at page 2306 of *Hansard* of February 22:

If this permission is not allowed, would the minister take disciplinary action against those responsible?

On page 52 of *La Presse* of today, I am reported as saying:

Would the minister also have punitive sanctions imposed?

This is obviously different and quite contrary to my question.

(Text):

Some hon. Members: Order.

Mr. Speaker: Order. I think the hon. member's question of yesterday was not allowed, but perhaps the press pays no attention to the rulings of the Chair.

TELEVISING OF BIG FOUR FOOTBALL GAMES

On the orders of the day:

Hon. George C. Nowlan (Minister of National Revenue): Perhaps I might take this opportunity to refer to a question asked by

the hon. member for Fort William about the purchase by private broadcasting stations of rights to televise football games. This may bring a certain amount of sorrow to people who have always been urging the development of private stations at the expense of the C.B.C. Briefly, however, one private station has paid for the right to telecast football games and the C.B.C. has not been informed of their plans, as, of course, it has no right to be informed of them. It would appear to me at the moment as though these games are going to be sent out by one or more of the private stations.

The C.B.C. is giving very careful attention to this matter and, naturally, is concerned to see that the Canadian public gets the best possible showing of these athletic contests, subject to financial interests and competition.

(Translation):

DEFENCE PRODUCTION

CANADA-U.S. INQUIRY AS TO PROPOSED AIRPLANE EXCHANGE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to put a question to the Minister of Defence Production as a result of the negotiations that took place in Washington between Canadian and American delegates and of the statement made by the Prime Minister. Could the minister inform us whether some progress has been made about the contract or swap deal relating to the CL-44 aircraft manufactured in Montreal and the American jet fighters? I should like to know also whether the minister is about to make a statement on this matter on behalf of the government?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, we always welcome proposals from our American friends which are likely to assist our industry, whether it be the aviation industry, the shipbuilding industry or any other. We have received certain proposals that will be looked into and when this study is completed, we shall then report to those concerned.

(Text):

COAL

CAPE BRETON—REQUEST FOR MEETING OF LABOUR, MANAGEMENT AND GOVERNMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I wonder whether the Prime Minister is now in a position to answer the question which I asked last Wednesday, whether any request for a coal conference has been made by the premier of Nova Scotia and whether any such conference is to be arranged.

[Mr. Nowlan.]

Right Hon. J. G. Diefenbaker (Prime Minister): I am sorry, Mr. Speaker, I have not the answer before me. I will provide the answer tomorrow.

BILL OF RIGHTS

BRITISH COLUMBIA—PROTECTION TO TRADE UNIONS IN SPENDING OF MONEY

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, could the Prime Minister inform the house whether the constitutional authority of the government or the principles and powers of the bill of rights will be used for the protection against infringement of the right of trade unions in British Columbia to spend their own money?

Mr. Speaker: The hon. member's question seems to ask for an interpretation of the bill of rights and for action which, as I understand it, is in the provincial domain. If I am incorrect the hon. member will so advise me.

Mr. Winch: In the constitution there is overriding power of the federal government over all provincial legislation, including section 92.

Mr. Speaker: That may be a constitutional opinion which the hon. member is seeking at the wrong time.

BUSINESS OF THE HOUSE

BUDGET RESOLUTIONS—INQUIRY ON RESUMPTION OF DEBATE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, in view of the anxiety of the Minister of Finance to discuss certain matters which he said were of tremendous importance to the house on the question of national emergency, namely the budget resolutions, may I ask the minister when he intends to bring those resolutions before the house. The minister has blamed the opposition on several occasions for not co-operating with the government in that respect. I ask him now when the government, either through him or the house leader, intends to bring these resolutions before the house.

Hon. Donald M. Fleming (Minister of Finance): Just as soon as there is some indication that we can expect even a minimum of co-operation from the official opposition—

Some hon. Members: Closure.

Mr. Fleming (Eglinton): —and when we can expect that some little progress might be made. Four days have already been spent in debate on one very short budget resolution.

Mr. Pearson: A very important one.

Mr. Fleming (Eglinton): Mr. Speaker, the Leader of the Opposition is continually speaking from a seated position. In my remarks of last Tuesday there were 88 interruptions by the Leader of the Opposition and the hon. member for Essex East (Mr. Martin) while seated.

Some hon. Members: Order.

Mr. Speaker: Order. The minister seems to have departed from the initial question of privilege. In fact it seems to me he has departed from the question as to the business of the house.

Mr. Chevrier: Mr. Speaker, on a question of privilege, this is now the fourth time—

Mr. Fleming (Eglinton): Mr. Speaker, I had not finished my comment—

Mr. Chevrier: Well, finish it.

Mr. Speaker: Order. The minister did comment on the question raised about the order of the business of the house and he then departed from that subject. That was the reason I interrupted him. If he has further comment to make which is relevant, I shall of course give him the floor again.

Mr. Fleming (Eglinton): Thank you, Mr. Speaker. I was interrupted by the Leader of the Opposition making an interjection from a seated position. I was, on a point of order, taking objection to that repeated tactic on his part. I have indicated that four days have already been spent—

Mr. Chevrier: That is not so.

Mr. Fleming (Eglinton): Mr. Speaker, are we to have any semblance of observance of the rules by the hon. member for Laurier?

Mr. Chevrier: If you sit down I will tell you.

Mr. Fleming (Eglinton): Four days—may we have order, Mr. Speaker?

Mr. Chevrier: If you stick to the facts you will.

Mr. Fleming (Eglinton): Four days of the time of the house have already been spent in committee of ways and means in discussion of one budget resolution—a short one—and it was quite evident as this proceeded that progress in this respect was being delayed by deliberate filibuster.

Mr. Speaker: I am sorry to interrupt the minister again, but really the matter before the house is not debatable. There was an inquiry, and the hon. minister has answered it.

Mr. Chevrier: The Minister of Finance has made an inaccurate statement which reflects on the conduct of the opposition, and it is this; that four days were spent in the discussion of one small resolution. That statement is inaccurate and not in accordance with the fact. If the hon. gentleman will consult *Hansard* he will see that one of the days, namely Wednesday, was devoted to the extent of one hour only to the discussion of that resolution. That is what the minister calls one day.

I wish to ask this question. In view of the fact that the budget resolutions have not been discussed in this house for almost two weeks now, will the minister tell the house when we can expect a discussion on these resolutions?

Mr. Fleming (Eglinton): Mr. Speaker, you allowed the hon. member for Laurier to make a statement which, I say, was a misstatement, before he asked his question, and in the exercise of the same privilege I say again that four days of the time of the house have been spent on this. On Wednesday last, to which the hon. member referred, all the time after the preliminary proceedings, including question time and the orders of the day, was devoted to this subject right up to adjournment at six o'clock. Last week I should have been only too happy to have had the opportunity—

Mr. Chevrier: Little Napoleon.

Mr. Fleming (Eglinton): Mr. Speaker, I do not know whether you hear the insulting remarks of the hon. member for Laurier—perhaps you did not hear them, Mr. Speaker—

Mr. Speaker: Order. If the minister has an explanation to make about the calling of these resolutions I trust he will make it and that we shall not spend the time of the house debating the meaning of matters which are clearly set out in *Hansard* for both parties to read and interpret.

Mr. Fleming (Eglinton): The government has attached much more urgency to the progress of the budget resolutions through the various stages of debate than has the opposition. This belated interest on the part of the opposition is welcome.

Mr. Speaker: Order. I will call orders of the day if there is nothing more to be discussed than the subject of how the government's business should be ordered.

INDUSTRY

CANADIAN CAR, FORT WILLIAM—MAINTENANCE OF OPERATION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to ask the Prime Minister a question

which stems from a statement made by Premier Frost in the Ontario legislature last Friday, when he said that he had interceded before and would intercede again with the federal authorities on the role of the federal government in protecting the employees of Canadian Car Company in Fort William against a closing of the plant by the Montreal management. Has the Prime Minister received recent representations from Premier Frost on this subject and, if so, could he give us the gist of his reply?

Right Hon. J. G. Diefenbaker (Prime Minister): I will take the question as notice, Mr. Speaker.

BROADCASTING

REFERENCE TO COMMITTEE OF REPORT ON TELEMETER SERVICE, ETC.

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the Minister of National Revenue a question of which I gave his parliamentary seceretary notice. Has the minister received a report of the committee composed of the various bodies officially interested in broadcasting—the B.B.G., C.B.C., C.A.B. and, I believe representatives of the Department of Transport—set up to consider the question of bringing telemeter services, wire hook-ups and things of that sort under the Broadcasting Act? If he has received such a report, would the minister consider having it referred to the committee on broadcasting for such action as they may wish to take?

Hon. George C. Nowlan (Minister of National Revenue): I am afraid I was tied up this morning. I did not get notice of the question, but my recollection is that I have on my desk now a report from the chairman of the board of broadcast governors acting, I think, as chairman of the over-all committee, making certain recommendations or suggestions to me. I have not had time to study it and I am not certain of what is contained in the report, but I think there will be no objection to referring this matter to the committee for consideration and I will take that question under advisement at once. Unless there is some reason why I cannot do so, I will undertake this immediately.

WINNIPEG—PROTESTS RESPECTING LICENCE FOR STATION CKY-FM

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Is the Minister of National Revenue now in a position to reply to the question I asked yesterday about representations concerning station CKY-FM in Winnipeg?

[Mr. Fisher.]

Hon. George C. Nowlan (Minister of National Revenue): Frankly, I have not yet had an opportunity to deal with it. I asked someone to brief me on the situation and get the material ready, but I have not had a chance to look at it. I probably shall not be able to deal with the matter until Monday or Tuesday of next week.

SUPPLY

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

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Indian affairs branch—
55. Administration, $792,099.

The Deputy Chairman: This item will be found on page 14 of the blue book, and the details on page 151. Shall item 55 carry?

Mr. Fisher: I want to ask the minister a couple of questions in connection with—

The Deputy Chairman: Order. Will hon. members who are leaving the chamber please do their talking outside.

Mr. Pickersgill: This applies particularly to the government chief whip.

The Deputy Chairman: We cannot hear the hon. member who has the floor.

Mr. Fisher: Can the minister give me a report on how the Macdiarmid situation is going in so far as the house building project there is concerned, and the situation at the school at Macdiarmid? I will not say there is some confusion, but there is a rather unusual arrangement there where they have a public school with a Catholic priest as the head of it. It is a most unusual situation. It was working fairly well, but I understand there may be some shifts and changes, and I should like to know a bit more about it.

Mrs. Fairclough: I do not believe I can answer that in a few words. If the hon. member will permit me I will send him a full report.

Mr. Fisher: I appreciate that very much. Can the minister bring me up to date on where the department is going with its forestry policy? She will recall that I brought this up a number of times and expressed certain dissatisfaction with the subject of Indian lands not being brought under forest management. I should like to know what further steps have been taken and what effect the launching of the forestry department has had, if any, in bringing more assistance to bear in getting Indian lands forest managed.

Mrs. Fairclough: Of course the whole question is one of establishing proper working relationships with the provinces. In so far as the new forestry department is concerned, I am not in a position to answer for it. In reply, I would suggest that the hon. member might interrogate the minister of that department when his estimates are before the committee.

With reference to the timber operations at Lac Seul and Sioux Lookout agency, the superintendent of the Sioux Lookout Indian agency reports that the timber permit operations on the reserve were quite successful last season. The Indians operated in two separate areas. One group sold the wood produced to Mr. Bowman of Hudson, and the other group to Mr. Saran, Port Arthur. The pulpwood eventually was delivered to both Great Lakes Pulp and Paper Company and Abitibi Paper Company. The Indians have expressed satisfaction with both Mr. Bowman and Mr. Saran.

It had been proposed to put a portion of the timber on this reserve up for sale but the band has gone on record as opposing any sale. They plan to continue with permit operations on the same basis as last season.

Mr. Fisher: A very good development. As to some of the bands in the Nipigon lake area, particularly the Gull bay group and one group on the other side of lake Macdiarmid, I wonder whether any consideration is being given to negotiating with the province for some crown lands which those people could cut and sort of reserve. Their lands are too small, especially Macdiarmid, to be of any great use as a source of pulp. I bring this up because quite a strong effort is being made by the pulp and paper companies of northwestern Ontario to buy more of what one could call privately cut pulpwood rather than using wood off their own limits. Since much of this privately cut wood is obtained from, I might say, settlers, farmers and other people who have managed to obtain short term leases on crown lands, it seems to me there is no reason why the same leases could not be negotiated by the Indian affairs branch for some of the Indian groups. I wonder whether anything is in prospect in that field in the area.

Mrs. Fairclough: Mr. Chairman, I would have to look into the files to find out whether we have had any applications from groups of Indians for that type of operation. As the hon. member knows, the limits are under the jurisdiction of the provincial government. As I said at the outset, this depends to a very great extent on what arrangement can be made with the provincial government for limits. We will be glad to look into it. If we have had any applications from bands I must say they have not come to my attention. In any event, I know the department would have taken immediate steps to see what arrangements could be made with the province of Ontario.

Mr. Winch: Am I correct in interpreting what the minister has just said to mean that the control of all timber on Indian lands comes under the jurisdiction of the province?

Mrs. Fairclough: No.

Mr. Winch: If not, may I have a short explanation of where the division is as among the federal Department of Forestry, the provincial department of forestry and the Indian affairs branch? If the major control is in the hands of the minister, is any consideration being given to the further development of a plan of woods lot farming on the Indian lands, as far as timber is concerned?

Mrs. Fairclough: Any stands on Indian lands certainly belong to the Indians. What I was referring to was the point brought up by the hon. member for Port Arthur, whether or not we had made application to the province to lease limits on crown lands controlled by the province. I think that was his point, and that was the question I was answering. So far as stands on Indian lands are concerned, we do get assistance from the Department of Forestry with respect to surveys, but the ownership of these stands is certainly in the hands of the Indians.

Mr. Baldwin: Mr. Chairman, I should like to make a few observations related to what was said the last time this item was before the committee. A suggestion was advanced by the hon. member for Vancouver East and supported by the hon. member for Skeena that a royal commission might well be appointed to deal with what the hon. member for Vancouver East said was a serious problem in connection with crown lands in British Columbia, in respect of which the Indians had advanced certain claims.

May I point out here that this subject matter was dealt with by the joint committee either last year or the year before. There was, of course, no final disposition, and there could not be; but the matter was mentioned and I think in one or two cases it was dealt with at considerable length in the briefs that were filed.

I submit with respect that when the joint committee considered the matter it became seized of jurisdiction, to some extent; and while I suppose its jurisdiction ceased when the committee lapsed at the end of the session I suggest with deference that this matter might well be pursued by the joint committee when it reconvenes in the not too distant

future, I understand. The committee is able to deal with it adequately. If it should happen that the members of the committee discover, as a result of examination of the problem and of witnesses appearing in support of the views set out in the briefs, that something else should be done, I have no doubt that could be the subject matter of a recommendation. But my submission at this time is that surely this is one of the problems that should be dealt with by the committee inasmuch as it has already inquired into it. There is evidence already on record either in the proceedings of 1959 or of last year.

I believe it was the hon. member for Kootenay West who suggested that arrangements should be made so that the Indians would be represented in the House of Commons by a certain number of their race. I believe that matter was also discussed to some extent in the committee two years ago. I remember asking one of the witnesses a question and he took the position that it was not a good idea. He suggested that it might well lead to the sort of electoral cantonization that exists in Switzerland, and that if we were to try to arrange for representation in the house of all the various nationalities it might lead to difficulties.

On the other hand there is this point to consider. It may well be some years yet before there is likely to be representation by Indians in the house in keeping with the number of Indians who have now been granted the vote, and possibly the committee might consider this subject matter having in mind the situation in New Zealand. I do not suggest they should necessarily follow what is done there but certainly this is a point with which the committee might well deal.

There is one other aspect of the work of the committee to which I wish to refer. A suggestion was advanced by one member that an independent agency might be selected to digest the evidence given in previous sessions and give opinions thereon, and the minister quite properly pointed out that this was a matter for the committee to deal with. I should like to point out that a massive amount of evidence and a tremendous number of briefs have been introduced, and while I do not think the committee should surrender its authority to any independent agency to digest and give opinions as to the effect of the evidence, considerable assistance might be given if the department were willing to help in the preparation of a reasonably detailed index of the evidence already given to the committee. To go through the evidence and formulate opinions will be a formidable task. I recognize, of course, that this is a matter for the committee, but possibly the minister might give some consideration to this suggestion. Her departmental officials are acquainted with the briefs. They have had occasion to peruse them, have been present at all the meetings of the committee, and have rendered valuable assistance. A detailed index of the proceedings would certainly be of assistance to the committee.

I wish to make one other general observation and two particular observations. I am interested in many other matters but they can be suitably ventilated before the committee. May I say I was most gratified in examining the estimates of the minister to see what a substantial amount is being devoted to the education of the Indians. I think this was emphasized in the statement of the minister when she devoted at least half the time taken in presenting her statement to the question of education. I think this is most essential and important, because it is at that level that we are going to be able to do something. However, I might point out that if possible we should do even more than we are doing now, not only because of the humanitarian principles involved, not only because we have a duty to undo some of the neglect which has been the lot of the Indians in the past, a neglect which in recent years, I am happy to say, has certainly been dealt with more than adequately. Those are ample motives in themselves, but there is another reason I should like to mention which may be of some assistance to the minister when she is asking for those funds which are essential for the discharge of her responsibilities.

This country has a pre-eminent position among the small and middle size nations of the world today. One reason for that is undoubtedly that the ugly head of racial and colour bias and prejudice has not been observed in Canada. Unfortunately too many other leading countries in the western world are not in that position. In recent days there has been an appalling and atrocious series of riots involving bloodshed which have swept through the world and indicate the possibility of warfare on the basis of race and colour. In the face of this situation I think it is most important for us to remember that in part we occupy the position we do because of the regard which other nations of the world have for us in this respect. If anything, this should be an invitation to the minister to be even more zealous and indefatigable in dealing with this problem, and the same thing applies to her officials. The situation is one where time is not on our side; and in commending the attitude of the department I hope they will have that in mind and that their efforts will be increased even more.

I wish to mention one more point having to do particularly with the question of education in my own area. I have been in touch with the minister and her officials about the matter and have been adequately satisfied as to their appreciation of the problem, but I think I should put my views on record in a general way.

In the northern part of my constituency there are several thousand Indians who until recently lived in a nomadic state in which they engaged in trapping, hunting and fishing. Only in the last generation can it be said that they have come nearer to the settlements in the north such as Fort Vermilion, Harbay and Assumption. In pursuit of the desire to see that these Indians receive an adequate education, arrangements have been made from time to time to take students in the higher grades to Edmonton, Calgary and other larger centres. It is my belief that in some cases a period of transition should elapse before these Indian boys and girls are considered to be adequately equipped to absorb the white culture which is found in the larger centres. I feel that at least for one more generation many of these boys and girls might well fit into the pattern of integration in an area closer to their own homes, where I think the results to be achieved will be more apparent.

I was glad to hear the hon. member for Kenora-Rainy River say the other day that he had finally been able to consummate his request for a dormitory and hostel in connection with a residential school. I am glad to move into the vacant room which he has just left. I would urge the department officials to give some consideration to a similar type of accommodation in the Fort Vermilion area. I have been in touch with them as I say, and I have had the satisfaction of receiving acknowledgment from them that they are aware of the problem. But may I say that I honestly and sincerely believe that it may yet be some time before these young boys and girls are adequately equipped to receive and benefit from the education they will otherwise be getting in places like Edmonton.

Mrs. Fairclough: I should like to thank the hon. member for Peace River and tell him that he has anticipated us just a bit. We have prepared a digest of the proceedings of the last two years, as well as an index, which will be made available to the members of the committee when it meets for the first time.

Mr. Stefanson: I have two or three inquiries I want to make on this item and I assure you, Mr. Chairman, that I will be brief. First, however, I want to express my appreciation to the minister for the cooperation I have received from her and her officials. Second, I want to express my appreciation to the minister for taking the time to visit Indian reservations across the country, including the Fisher river agency and the Norway House agency which are located in my constituency.

I believe that the minister is on the right track when she makes a point of visiting reservations to see for herself conditions that exist on various reservations throughout Canada. In addition, she has met many of our Indian people, chatted personally with them, and heard from them first hand about some of their problems. As a result of these visits she has endeared herself to these people and has gained firsthand knowledge of their problems. She is in a much better position to understand and to deal with this matter.

As I have a large Indian population in my constituency, I am very much interested in the department of Indian affairs and their policies. I have had the privilege of serving on the joint committee of the Senate and the House of Commons on Indian affairs for the past two years. Through having had this opportunity, I have been able to broaden my knowledge of the problems of the Indians as well as to get a good understanding of the work of the department of Indian affairs.

I want to make two or three inquiries. The first one is with regard to fishing on lake Winnipeg. Last year the regulations with regard to summer fishing were changed and certain areas of pickerel pockets were closed. I approve the stand the department took wherein they supplied the Indians with trap nets. This was more or less on an experimental basis. If this policy is to be continued this summer I should like the officials of the department to have a look at this matter again because the officials from the Manitoba department of game and fisheries have informed me that the nets were not of the right type. They are convinced that the right type of trap net will be successful on lake Winnipeg.

A second item about which I want to make inquiry is a project in which I am very much interested, namely the establishing of herds. This program has been carried out on the Peguis and Fisher river agencies whereby the band have been buying cattle and they have been receiving assistance from the department, either by grant or through loans, which has enabled them to get sizeable herds established faster. This I find a very interesting experiment. If this type of experiment will help to make the Indian self-supporting, it certainly deserves assistance from the department perhaps on an even larger scale than at present. I am pleased to note that this is being done. I am sure that the superintendent in this particular

agency is extremely careful in choosing the people to whom these herds should go. He is extremely selective, I am sure, in choosing the type of people who like farming and who are likely to make a success of farming.

The third point I want to raise is the Grand Rapids development. I visited Grand Rapids in the fall and I was pleased to see many Indians working on this project. I talked to many of the contractors and they informed me that the Indians they had hired as tractor operators and truck drivers were very good workers. Also, on this particular project the province of Manitoba has been extremely co-operative. The hydro electric board have been giving preference to Indians. This is the result of the co-operation of the department of health and welfare and the department of labour in the province of Manitoba.

The final point I want to raise is with regard to the model home opened on the Peguis reserve last fall. This home was officially opened and put on display by Colonel Jones when he visited Fisher river agency. I was much impressed with the home and with the type of work that had been done. This house and the furniture were entirely built by the boys and girls of the Peguis school under supervision of their teachers. It showed what these children can carry out under good supervision. I should just like to read what is on this chart of the model home because I think it is well expressed. This is what it says:

Model home as built by the boys and girls of this school.

Then it goes on to say this:

Material costs for the basic structure are approximately $2,500. Furniture, wiring, plumbing etc., as shown on Chart No. 2 are extra.

The boys built the house and the girls made the decorations, drapes, curtains, etc.

We feel that the average Indian family can build a similar home for themselves.

If your circumstances are such that you are unable to finance the total cost yourself, but you are willing to put forth a maximum effort in labour and materials, the department would be happy to help you.

If this is your situation, and if your chief, council, and superintendent so recommend, the department is prepared to assist where necessary. This means that the department would be prepared to furnish all materials, except sand and gravel, for the house shown here. This would be the only assistance from the department and you would be expected to furnish labour and other materials.

Chart No. 2 shows conveniences that can be added to the basic house with costs of materials for these additional conveniences. You would have to pay all material costs and arrange for any labour for any conveniences you wished. The house is designed, however, that these can be added as your circumstances permit.

The more you are prepared to contribute through your own efforts, the better and more comfortable your home will be.

Your superintendent will be pleased to talk with you and your band council about this. The superintendent gets only so much housing money each year and if you and your superintendent can work together to reduce costs in every way possible, many more and much better houses can be built.

I appreciate the fact that these officials recommend and have demonstrated that a house of this type can be built. It does give encouragement to the Indian people to get out and work. The more work they can do themselves, the better homes they will have, and the government is quite willing to give them great assistance in building such homes.

I was impressed with the furniture in these homes. They had made chairs, the dining room table, sofa-beds, desks and double beds; they had bunk beds. So, most of the furniture had been made by these children.

I am wondering whether any progress has been made in putting this program into practice, or whether it is likely to be carried out. It may be said that one should make available central mortgage and housing facilities, but they are a long way from the present standard of many Indian homes. This type of house would certainly raise the standards of Indians and it is quite within the means of many of them. I should like to see this type of home construction put into effect.

In conclusion I wish to say that I was very pleased to see the emphasis which the minister placed on education in her report. I am sure that is the best method of raising the standard of living of the Indian people.

Mrs. Fairclough: Mr. Chairman, I should like to give the hon. member a little information which I have here. With reference to the use of trap nets, the officials of the department have been in consultation with officials of the government of Manitoba and also with the manufacturers of the nets. It is the opinion of these people that with a few adjustments the nets which were used will be suitable for use this year. Accordingly we think that probably that problem has been solved. We hope so.

With reference to livestock, I would report that the amount requested for livestock purchases for this coming fiscal year is $221,775. This compares with $83,650 provided in 1960-61, or an increase of $138,125. These funds will be used almost entirely for the purchase of cattle, including bulls, largely in western Canada.

This very sharp rise in the amount requested reflects the intensification of our efforts to encourage cattle raising by interested Indians who have an aptitude for this occupation. A large part of the funds

will be spent for rotating herds to be lent to Indian individuals. Many Indians will finance cattle purchases through revolving fund loans and band loans, and in exceptional circumstances they will be provided with supplementary assistance from appropriations. The trend in recent years has been toward larger herds in the hands of carefully selected individuals, and this pattern will prevail in the coming year.

Mr. Fisher: The minister indicated earlier, in connection with forestry, that co-operation with the provincial authorities was necessary on forest surveys. There was a loan last year of $50,000 for forest surveys. I think it is $17,000 this year. I notice that three forestry officers for the department are provided in these estimates, which is an increase of one.

How much of the money, $50,000 last year and $17,000 this year, has gone to the provincial governments for services in connection with surveys, or has this survey money been spent by the minister's own forestry officers? If so, I would be rather staggered by that amount of money.

Mrs. Fairclough: I think the hon. member misunderstood me. I said that our own new Department of Forestry was undertaking surveys for us. The reason for the reduction from $50,000 to $17,000 is that the work which was formerly done for us by the provincial government of British Columbia and other outside agencies is now being done by our own staff. Consequently this expenditure was reduced considerably.

Mr. Fisher: Could the minister say, in general terms—let us say, in silviculture terms —what we got for that $50,000 expenditure on surveys. Were these just surveys to develop forestry maps of the areas, or did they extend further into survey plans for roads, logging possibilities and this type of thing?

Mrs. Fairclough: I have not the figures broken down completely, but most of this work was carried out in British Columbia. It was largely for the purpose of establishing just what was available in the respective areas.

Mr. Fisher: Has the minister any indication of what is going to be spent in Ontario? The minister gave statistics in the house previously on the number of square miles of forested areas on reserves in Ontario, and they were considerable.

This whole question of forestry and forest reserves has been opened up by the government, not only with the creation of the Department of Forestry but in all the plans announced by the Minister of Agriculture. I feel that forestry in all its aspects could be one of the most important means of livelihood for Indians in Ontario. Perhaps the minister could indicate how the policy has been directed to fit in with these other developments.

Mrs. Fairclough: While we are looking to see if we have the figures for Ontario for last year I might tell the hon. member that the $17,000 which is in the estimates this year comprises $10,000 for forest surveys and $7,000 for reforestation. This covers all provinces. I have not the figures broken down here.

Mr. Fisher: That is a very minor sum for reforestation. I would hope that in future that would go up. I can understand our not spending money now, in view of the legislation which is pending that may encourage other people to spend this money.

I wonder whether we are now going to have a forestry section within the branch; and if it is expanding, what plans are under way to see that at the technical level young Indians are being trained in the forestry field? We have a school of forestry for people at the technical level, the scaler or cruiser level, at the lakehead; there is another such school in New Brunswick and I believe there is at least one in British Columbia.

I wonder whether any young Indians are being trained in these schools to work in this field, or are they merely being used for axe-men, and that type of thing, in forestry planning?

Mrs. Fairclough: We have some Indians in training in fire fighting, but the staff engaged in forestry at the present time consists of two foresters and provision for a third. They are under the reserves and trust division of the department. I think it would be safe to say that as time goes on and as the work is developed we will certainly train Indians, if we can find Indians who are capable of doing the work which is required of them with the appropriate training.

Mr. Fisher: The reason I raise the point is that we notice that a great many Indians are taking courses in nursing and teaching, and they come back to work with their own people. Surely forestry would be one of the best fields for them.

I thank the minister for her answer and I should like to turn now to another topic. I have raised this topic on a number of occasions. I refer to the whole question of Indians having the vote and to the role being played by Indian agents. It will vary in certain parts of the country, but some Indian agents have a great deal of influence with the people with whom they are associated.

I gather from talking to the hon. member for Skeena and other members from British Columbia that Indians in British Columbia have a more independent outlook than some of those in northern Ontario. At least we were comparing judgments. This is not the question at issue, but I am concerned over the influences which will be brought to bear on Indians in remote areas at election time.

Let the minister try to imagine my constituency. It runs from Fort Severn on Hudson bay down almost to Moose Factory; it is a block almost one third of the size of all of Ontario, with Indians scattered all over the place. Now these Indians have a vote, and I think it is impossible for any politician or any political party to cover them in any way. Yet I know the returning officer, a man of great integrity and seriousness, is going to provide polls for these people wherever possible. My argument is that because it is almost impossible for political parties to influence these people the part played by the Indian agents who are in touch with them, in playing it straight and non-partisan, is very important. I pointed out to the minister that, previously, in the provincial elections when Indians had the vote at these distant places we have had such eccentricities as 200 votes going to one candidate and one, or zero, going to others—and this among a population which is almost illiterate in the main. This, naturally, cannot help but arouse suspicion in the minds, especially, of those parties who get one vote or none at all.

I should like to know whether there has been any memorandum sent to Indian agents in connection with the part they will play in advising or informing Indians of their right to vote at forthcoming federal elections and at the same time to warn the agents that they should play it strictly down the middle and non-partisan. I have no worries about the Indian affairs people in Ottawa being neutral. Perhaps they might be too neutral. But I am concerned that there should be neutrality shown by those who are out in the field. I wonder if the minister has considered sending out such a memorandum?

Mrs. Fairclough: I am sure I can vouch for the integrity of the employees of the department in that field. After all, they are civil servants and they recognize the rules under which they work. I do not for a moment doubt that. As in all other departments, if there is evidence at any time of partisan activity then, of course, there are means of taking care of that situation.

I come back to the subject of forestry. I had intended to say something about it when we got to the question of scholarships, but I will say it now. As the hon. member knows, we have a scholarship fund from which scholarships are awarded annually to students who qualify in authorized fields of endeavour. It is our intention this year to make scholarships available in the field of forestry.

(Translation):

Mr. Pigeon: Mr. Chairman, I should like to say a few words with regard to the Doncaster reserve, which has been set aside for the benefit of the Indian bands of Caughnawaga and Oka.

That reserve covers an area of 18,000 acres and extends into the ridings of Montcalm and Terrebonne. It is located in line with the parishes of Notre Dame de la Mercie and Ste Luce. A road has already been built which goes through the reserve to connect those two municipalities. Today, that road is in a very bad condition and the people of Notre Dame de la Mercie and of St. Donat have to make a detour of several miles to go to Ste Luce, in the riding of Terrebone, or vice versa.

The poor condition of that road hinders the tourist industry in those two municipalities, an industry which is of vital importance to them. At present, the citizens of Notre Dame de la Mercie and of St. Donat, in the constituency of Montcalm, as well as the people of other surrounding municipalities have to make a detour of several miles to communicate with the municipality of Ste. Luce. After having made some inquiries, I was recently advised that the provincial government of Quebec enjoyed the statutory power of expropriating the lands necessary for the establishment of public facilities, including roads. That statutory power may be exercised by the province with the consent of the governor in council, as provided under clause 35 of the Indian Act.

On a good many occasions I approached the department and I would ask the minister, if it is at all possible, to obtain from the government an authorization for rebuilding that road so that the development of the parish of Ste. Luce, in the riding of Terrebonne, and the parish of Notre Dame de la Mercie, in the constituency of Montcalm, should not be hindered.

I recently received a resolution from the municipal corporation of Notre Dame de la Mercie. It is dated February 17, 1961, and reads as follows:

> Excerpt of the minutes of the regular meeting held on Saturday this fourth day of February 1961, under the chairmanship of Mr. Albert Leguerrier, mayor, it was moved by Mr. Edmond Poudrier, seconded by Mr. Claude Boucher, and unanimously agreed to, that our member of parliament, Mr. Pigeon, be asked to approach the federal government to the effect of having the existing road between Notre Dame de la Mercie, Ste. Luce and Ste. Agathe reopened so that we may have access to Ste. Luce and Ste. Agathe.

Putting, as always, our trust in your co-operation, we remain,

The municipal council of Notre Dame de la Mercie.

And it is signed: Jacques Riopel, secretary.

As you know, a tourist development has been shaping up for the last few years in that district, including the parishes of Ste. Luce and Notre Dame de la Mercie. I cannot understand why the construction of a road across an Indian reserve in the north of Montreal is not authorized. To my mind, this situation is contrary to the public interest, because those municipalities are now unable to expand their tourist industry.

I know that Indians always frown upon the government deciding to proceed with any sort of construction project, as was illustrated when the St. Lawrence seaway was established. However, in my opinion the road , which is already in existence but in very bad shape, is not passable.

I am therefore asking, if possible, that the road be reconditioned, because I do not think it could prejudice the Indian reserves of Oka and Caughnawaga, more particularly as there is only one Indian living in Ste. Luce, where he acts as a reserve warden.

I am simply submitting the matter in the public interest. It seems to me we should not prejudice public interest in any part of this country just because the Indians are opposed to the reconditioning of an already existing roadway.

I know that in co-operation with the experts in her department the minister is considering all problems that are submitted to her, and I hope that this matter will be settled once for all, because the problem has been mentioned at least 20 times.

(Text):

Mrs. Fairclough: This is not a new problem by any means, as the hon. member knows. It has been a vexing one for some time because the Indians steadfastly refuse to relinquish the land for the purpose of making this road, and that is their right. The land belongs to them and unless they agree to relinquish it I cannot see what I can do, other than what I have done, namely to keep the hon. member informed.

If the people in the area who would like the use of this land for the purpose of having a road, would approach the Indians themselves in a proper way, they might be able to secure their co-operation but I am afraid that as far as the minister is concerned there is nothing that can be done.

(Translation):

Mr. Pigeon: Mr. Chairman, I have a supplementary question for the minister.

What steps do other provincial governments take when they want to build a road through an Indian reserve?

I would very much like to know how they come to an agreement concerning the building of roads, which, after all, will promote the development of the province. I would be interested in getting information on that matter and more particularly on the methods followed by the provinces of Ontario and British Columbia.

(Text):

Mrs. Fairclough: Mr. Chairman, the procedure is precisely as I described it to the hon. member. It is a matter of negotiation between the province and the Indian band concerned.

Mr. Winch: Mr. Chairman, I should like to get a clearer picture with respect to the supervisory and administrative power in relation to certain phases of Indian affairs. Who would make the decision with respect to a survey of timber reserves on Indian land? Who would decide whether or not the timber should be sold? Who makes decisions as to hunting and trapping rights on Indian lands? In a situation where the Indians cannot sell timber or hunt and trap and where the Indians are faced with hunger, who would initiate action and on what basis would the Indians be taken care of? I could illustrate my question by reading an article which appears in today's Ottawa *Citizen*:

Indian chief says Tories broke word.

A Manitoba Indian chief told an Indian-Metis conference Wednesday that a number of the 2,000 Indians on his island lake reserve have come to him to ask what they could eat this winter.

Chief Alfred McDougall, speaking in Cree through an interpreter, said the federal government has broken promise after promise.

The government, he charged, has refused to allow Indians to sell timber from their land and has watched without acting while the Indian's main source of livelihood—trapping and hunting—dwindled away.

Chief McDougall said he has been trying for three years to get the federal government to do something about the forest reserves on the Indian land.

This ties in with complaints we continuously hear. Who makes decisions with respect to the welfare of Indians and the utilization of resources on their reserves?

Mrs. Fairclough: In the first instance a request for action comes from the band council. It is not at all unusual that an individual on a reservation will have a difference of opinion with the council of his band. Sometimes we have formal resolutions from band councils and private letters from individuals which are completely at variance.

Mr. Winch: Who has the authority, the band or the chief?

Mrs. Fairclough: In the first place the band would probably pass a resolution which would then be forwarded to the department. Certain deliberations or investigations would take place, as the case might be, depending on the type of problem that is involved. It is the duty of the officials of the department to see that the Indians are properly taken care of and that their resources are preserved wherever possible.

In the case of forests, I think it would be our responsibility to see that they were not depleted to the point where there was no chance of reforestation or ensuring a continuing supply.

I could not answer such a broad condemnation on the basis of an article in the newspaper without having details. I shall be very glad to make available to the hon. member whatever information we have on the particular individual who has made the charges and with respect to conditions on his reservation. The hon. member read a pretty broad statement and like all broad statements it is a bit difficult to deal with it. Without trying to make a flat statement in reply to a flat accusation, I might say that the general charge is not true.

Mr. Pickersgill: Mr. Chairman, I have a question I should like to put to the minister, prompted by the questions asked by the hon. member for Joliette-L'Assomption-Montcalm. I remember some years ago there was a good deal of trouble about provincial roads which went through Indian reserves. I am not talking about proposed roads where there was not a right of way but of cases where rights of way already existed and there were roads of a sort.

My recollection is that the view that was taken at one time was that if this was a provincial highway the provincial government would have to make some contribution to it and the federal government would not simply build the highway through the reserve. I think that policy was somewhat relaxed in one or two cases.

I wonder if the minister could say what the general policy is now with respect to provincial highways that pass through Indian reserves. Who has the responsibility for their upkeep and what contribution does the federal government make? Could the minister say whether there are any outstanding problems in this field?

Mrs. Fairclough: Generally speaking, Mr. Chairman, if it is a provincial highway the responsibility lies with the province for its maintenance. As the hon. member knows there may be extenuating circumstances in certain areas where the road is not heavily travelled by the non-Indian community. As the hon. member knows, we have one area where the trans-Canada highway goes right through a reservation. In that instance I believe the land was purchased outright and of course the highway is the responsibility of the federal government.

The situation varies in different locations depending on the extent to which the road is valuable to the Indians on the reserve and the extent to which it is valuable to the non-Indians who seek to go through Indian lands to arrive at their destination.

At the present moment I cannot think of any particularly troublesome areas apart from the one enunciated by the hon. member for Joliette-L'Assomption-Montcalm, which has been a sore point for a long time. Other than that, I cannot recall any that are real problems at the moment.

Mr. Pickersgill: Would the hon. lady bring me up to date on Pointe Bleue and the Indian reserve across the river from Three Rivers in Nicolet county, I think, although I am not sure of that. There was also a situation in Saskatchewan somewhere in the constituency of the Minister of Agriculture, about which I recall something. No doubt the officials will remember all of these very well.

Mrs. Fairclough: The hon. member is speaking of the road problems only?

Mr. Pickersgill: Yes, in those three places.

Mrs. Fairclough: Mr. Chairman, so far as we know, the problems in both cases have been solved.

Mr. Pickersgill: There were three.

Mrs. Fairclough: In Saskatchewan, we have an agreement with the province on what is known as the grid road system under which the federal government and the province contribute on a fifty-fifty basis. With respect to Pointe Bleue, we have in the current estimates an allotment of $5,000 for the construction of approximately 600 feet of street in the new welfare housing site and $15,000 for the construction of approximately four miles of new road, including widening, ditching and installation of culverts.

The one the hon. member referred to is rather ancient, and to the best of our knowledge there is not a real problem there at the moment, not one that has cropped up lately.

Mr. Pickersgill: What about the reserve in Nicolet county?

Mrs. Fairclough: There has been no problem lately that of which we are aware. We will have a look at it and if our files disclose something—

Mr. Pickersgill: I do not want to take up the time of the committee, but if the minister would have a look at it I would be quite interested to see what happened there.

Mrs. Fairclough: Very well.

Mr. Pickersgill: And also who paid for whatever may have been done.

Mrs. Fairclough: I will give the hon. member a report.

Mr. Pickersgill: I now want to embark upon a subject for which the minister has been waiting for a long time. I should like to start by asking her if all the locatees in the Sarnia reserve, which was sold last year in an iniquitous deal that the minister approved, have been satisfied and paid off?

Mrs. Fairclough: They have all been satisfied and paid off, Mr. Chairman, for lands which have been conveyed.

Mr. Pickersgill: That is really not an answer to my question. My question is whether all the locatees in the area that the agreement of sale covers have been satisfied and paid off?

Mrs. Fairclough: Mr. Chairman, as the hon. member knows, because I think he went through the agreement with a fine tooth comb, there are no payments to be made—possibly I had better put it the other way around. The locatees do not require to be satisfied with reference to lands which have not been deeded. Some of the locatees are still holding land for which application has not been made but in so far as any lands which have been conveyed are concerned, the locatees have been satisfied.

Mr. Pickersgill: What does the hon. lady mean by "lands for which application has not been made"? Does she mean that there is some part of the reserve not covered by the agreement for sale? I am talking about the whole area covered by the agreement for sale, whether titles have actually been given to all of it or not. Obviously no title can be given until the locatee is satisfied, at least I would not think so.

Mrs. Fairclough: No, Mr. Chairman, not by any manner or means have all of the lands been resold, let us say.

Mr. Pickersgill: I am not talking about resold.

Mrs. Fairclough: I can give the hon. member a report on just what lands have been conveyed but as he knows, from the contract —and here I must say, Mr. Chairman, I have not looked at this for a while; I am now speaking from memory and therefore I hope if I make a slip I will not be charged with having misconstrued the facts. As a matter of fact, if my memory serves me well, the contract permitted the purchaser to designate the lands to which he wished title, and upon having satisfied the terms of the contract, having made payment therefor and having satisfied the locatee, he then acquired title to the lands, which he presumably then immediately resold. I have the details here. Under the terms of the agreement the purchaser has the right to request conveyance of portions of lands sold, or for such conveyance to be made direct to the nominee upon paying in full the individual Indian's interest in the portion required, plus $800, $1,000 or $1,200 per acre, depending upon the area in which the land is located. This is in payment of the common band interest. Under this provision sales have taken place, sales to the Hydro-Electric Power Commission of Ontario of 173.82 acres; to the Dow Chemical of Canada Limited, 66.66 acres; to the St. Clair Chemical Limited, 10 acres; to the Sun Oil Company Limited, 112 acres; making a total of 362.48 acres which have been conveyed. Up to January 1, 1961, all instalment payments, including half yearly interest payments, as provided for in the agreement, have been made, as well as payment required in connection with portions resold, leaving a balance of principal outstanding at $4,361,-467.82. The total payments made to date are, on principal, including the down payment, $2,160,478.18; interest, $351,626.61; making a total received of $2,512,104.79, from which it will be noted that about one third of the principal has been paid and a little over 10 per cent of the land has been alienated from the reserve.

Mr. Pickersgill: I come back again to the question with which I started. I also want to be quite accurate about this. I understand that any locatee who had any individual rights to any of the land that has been conveyed had his rights extinguished and has been satisfied with what he got; otherwise it could not be conveyed, I assume. If I am wrong about this I should like to be told I am wrong.

Mrs. Fairclough: No, that is right.

Mr. Pickersgill: There is 10 per cent of the the land covered by the agreement of sale which has in fact been conveyed, according to the information just given to us. As to the other 90 per cent of the land which is covered by the agreement of sale, how many

locatees are there with whom there is no agreement as to what they will receive?

Mrs. Fairclough: I do not believe we have the information as to precisely how many locatees there were. I can secure that information. As a matter of general information. I am told there was only one locatee who did not sign a surrender. All of the other locatees did sign surrenders.

Mr. Pickersgill: What that means—again I am assuming this—is that every other locatee has agreed that in due course when there is necessity to convey he will convey and at a fixed, specific amount?

Mrs. Fairclough: That is right.

Mr. Pickersgill: So that to the best of the hon. lady's recollection there is only one locatee who has not reached an agreement?

Mrs. Fairclough: That is right.

Mr. Pickersgill: That is the situation?

Mrs. Fairclough: Yes, that is right.

Mr. Pickersgill: I have been looking over the debate of last year and I want to refresh my own memory again about certain of the facts in connection with this case. The minister will recall that last year I read a statement from the Toronto *Telegram* which quoted Mr. Macaulay, the minister of energy resources, I think it is, in the Ontario government, as having said that hydro officials had twice been refused permission to expropriate by Colonel H. M. Jones, director of Indian affairs. The hon. lady said at that time, as reported at page 5038 of *Hansard*:

That is not true.

The hon. lady stands by that statement?

Mrs. Fairclough: I stand by it.

Mr. Pickersgill: That there was never any approach whatever by the hydro with a view to getting expropriation?

Mrs. Fairclough: I think I told the hon. member at the time that there had been something in the nature of a telephone call saying, "if we did apply," or some such thing, "would you consider making a recommendation?" But no formal approach was made.

Mr. Pickersgill: Was any approach made at any time by Ontario hydro, not with a view to getting the federal government to expropriate on their behalf but with a view to getting a surrender to hydro?

Mrs. Fairclough: With a view to getting a surrender of the lands they wished?

Mr. Pickersgill: Yes.

Mrs. Fairclough: Again, I would have to go back in the records. My officials will tell me if my memory does not serve me well but I think that, first of all, the Indians started to deal with hydro for the lands which hydro desired and then before an agreement was reached the Indians called a halt to the negotiations and proceeded to deal with the other company.

Mr. Pickersgill: When the hon. lady says that hydro began to deal with the Indians, may I say that "deal with the Indians" is a very vague term. Was someone authorized by vote of the band council to negotiate with hydro? What does the hon. lady mean by "deal with the Indians"?

Mrs. Fairclough: They had gone so far as to adopt a council resolution authorizing hydro to negotiate with the locatees and then they reversed their position and withdrew that permission.

Mr. Pickersgill: Of course, at every meeting of the band council the Indian agent or superintendent would be present, so this was done with the knowledge of the department at the time.

Mrs. Fairclough: Oh, I presume so. I would have to look up the records.

Mr. Pickersgill: I am sure the hon. lady can find out whether or not this was the case by consulting the director.

Mrs. Fairclough: Again, I cannot say definitely but it is the usual procedure as the hon. member knows. I presume the Indian superintendent was present. He would certainly be present. He would not be absent through neglect or by design. He would be at every meeting, I would think.

Mr. Pickersgill: What I am getting at is this. I am not saying anything about the minister herself, but there was every reason why the department should have known that Ontario hydro was interested in a certain part of the land before the negotiations with the Dimensional Company ever started. That is the point I want to establish.

Mrs. Fairclough: That is correct.

Mr. Pickersgill: Because I argued last year and I intend to argue again, I think with more force this time because of what has taken place in Ontario, that the department, knowing as it did that Ontario hydro was interested in a part of this land, was in the position that there was an inescapable duty on the department and on the minister as trustee for the Indians to make quite sure, before agreeing to sell this land to someone else, that a better deal could not have been made by the Indians with hydro.

It was alleged very strongly in the Ontario legislature last year that Ontario hydro had

paid an exorbitant sum for the land that they bought from the Dimensional Company. The facts are all on *Hansard* for last year and it is not in dispute that land which was sold for about $2,000 an acre to Dimensional with the approval of the department appears to have been resold three days before the original sale, according to certain evidence that was put on *Hansard* and has never been contradicted to my knowledge, for $5,000 an acre more. It was on the basis of that position that I and one or two other members made the statement last year that either hydro had paid an utterly exorbitant sum for this land, a price which could not be defended, or the Indians had been gypped.

We know that a sufficiently serious view of this whole matter was taken by the premier of Ontario that he caused a royal commission to be appointed to inquire into the question of whether hydro had made an improper deal. That commission has reported, and I must say I have not read its report and do not intend to because that is not within our purview here. I have plenty to do reading those things that fall within the purview of parliament. However, judging from what the newspapers say, the commission reported that hydro had made a provident deal. I think some of us might still have some doubts about that but, as I say, that is not our business. It is the business of the members of the Ontario legislature and it is not our business. But I do say that if it is the case that hydro paid over $7,000 an acre for the land and made an agreement to pay three days before the sale to Dimensional was approved by the minister the Indians were gypped of about $5,000 an acre.

I do not want to suggest for one minute, any more than I did last year, that there was any wrongdoing on the part of the minister or the department but I do say that on the face of that evidence it is very hard not to feel that there was gross negligence, that the department should have taken the trouble to find out from hydro, which after all is a well known and presumably respectable body, what they were willing to pay for this property before a sale was made to a company which, judging from the evidence that was splashed all over the newspapers in Toronto and elsewhere at the time of the royal commission, was not one of the most ancient and reputable organizations in this country. I say that particularly in view of the fact that if the uncontradicted evidence that was put on *Hansard* is true, namely, that hydro agreed to make payment to this company three days before the federal agreement was made with Dimensional, then this does seem to me to be a really shocking way to treat a trust to the Indians.

I do not intend to spend a lot of time going into the details. I believe this matter ought to be inquired into not just by a provincial royal commission but by the federal government in order to find out whether or not this company already had an agreement with hydro on the basis of which it got a large part of its down payment before the agreement was ever concluded between the minister on behalf of the Indians and the Dimensional Company.

As I say, I think the whole sale was indefensible regardless of whether this hydro incident had occurred at all because I believe the price was not nearly high enough. I think that that valuable land, on which municipal taxes did not have to be paid as long as it was an Indian reservation, should at least never have been sold for less than the amount for which the previous government was willing to sell it. As I said last year and I repeat, I was very glad that the deal fell through because on second thought I felt it was inadvisable to sell at all. I think that land right on the edge of Sarnia, a city developing as that place is, should have been kept in trust in perpetuity for the Indians and that long term leases should have been made on a provident basis so that the Indians would have got the benefit of all this increment and not people like this Dimensional Company.

Whether or not it is true I do not know but I read in a very reputable newspaper the other day, the *Globe and Mail*, I think, that some mining company was now seeking to acquire a part of this land from Dimensional and, I feel fairly certain, not at the same price that only a year ago Dimensional paid to the Indians. I think this whole transaction was a highly improvident one for the government to have made. I think it would be a bad thing to do with land that was held in trust for all the people of Canada. But when you consider that this was a sale of a part of an Indian reserve held in trust for the Indians, and on the basis of what we know now, reinforced by this whitewashing report of the provincial royal commission,—if that is the right term to apply to it—it seems to me that if hydro made a provident deal, the minister made a most improvident one.

Mrs. Fairclough: I cannot subscribe to that statement, Mr. Chairman. My hon. friend is rehashing a matter that was thoroughly discussed in the House of Commons last year. If he wants to make a statement to the effect that the Indians were cheated, then I make a statement to the effect that his remarks are decidedly irresponsible. The hon. member likes to talk about the deal which he proposed. His deal fell through. It turned out that the

people with whom he was dealing did not have any money or it never reached the first stages.

Mr. Pickersgill: Apparently they did not know Ontario Hydro.

Mrs. Fairclough: They never saw fit to go through with the deal that was proposed. It never reached the first stages of fruition. To compare it with the one that was finalized and from which the Indians now have $2.5 million I think is to talk in an absolutely irresponsible way about a deal that has now been in effect for some time.

I might draw to his attention the fact that whatever happens subsequently to lands that are disposed of, that is a matter that scarcely comes under the jurisdiction of this department. When we were advising the Indians with respect to this particular deal, we were not satisfied with one valuation. We had three valuations and none of them came anywhere near the valuation that my hon. friend now likes to propose as being a true valuation for the property.

There are a great many things to be considered about this particular piece of land and its potential. I should like to put on record now the fact that we do not consider that any subsequent deal made by the company and hydro was necessarily one for the consideration of this department. We had no offer from hydro. We had an offer from this company. The offer from the company was for a large parcel of land. Hydro was interested in a relatively small portion of the land. Even if hydro had paid directly to the Indians at the same rate the amount they are reputed to have paid now, the Indians still would not have as much money as they have at the present time from this property.

As I said last year, Mr. Chairman—and I have no hesitation in saying it again—I think we made an excellent deal for the Indians and I have no apology to make to anybody, including the hon. member, for that deal.

Mr. Pickersgill: I have not any apology to make either for what I have said. I did not make any valuation of this land. The Ontario hydro made the valuation of the land. The hon. lady agreed to sell and sold land or allowed to be sold land that belonged to the Indians for $2,000 an acre for which hydro subsequently paid $7,000 an acre; or rather, it was not subsequently because the evidence seems to be that they paid it three days before.

An hon. Member: Can you prove it?

Mr. Pickersgill: Hence it was a willing purchaser, and perhaps a too willing purchaser, that paid $5,000 an acre more than the hon. lady sold for, three days after the first agreement was made, according to the evidence.

If the hon. lady thinks it is none of her business, when her department knew that hydro was interested in this land, to enquire in advance whether they could not make a better deal with them, I regard that as a dereliction of duty and I do not think it is "irresponsible" for any member of parliament to describe it in those terms.

Then the hon. lady says they would not have received so much for the piece of land that hydro took as they have already received for a great deal more land than hydro took. Of course, that is true; but they would have had the rest of the land, something which is a rather important consideration.

If this reserve were up near James bay somewhere, there might be a great deal to be said for the view that it was needed for some special purpose that would exist for only one purchaser, that existed at only one point in time and that would enable the trustees for the Indians to sell at that time and reinvest the money in some other way that would be proper for the Indians. But anybody who has the slightest knowledge of what has gone on in the environs of Sarnia in the last 25 years knows that it is not a matter of speculation—although it appears to have been a matter of speculation in another sense of the term—but rather a matter of absolute certainty that unless we are going to have a deep Tory recession for a long time to come, this land is going to accelerate in value every year. If the government had to pay taxes on the land, if they had a large number of fixed charges they had to meet or if the Indians had been in desperate need of this money—as they were not—there might have been a much different situation. But there was no reason whatsoever for this precipitate, urgent sale except, apparently, the fact this Dimensional company came along and made an offer and managed, without the knowledge of the department, to sell a part of it in order to give them in advance, enough money with which to make their down payment. I say that this transaction, even apart from the hydro aspect of it, was an improvident one. But when one thinks of this hydro aspect which has now, as I say, been whitewashed by a royal commission in Ontario, one gets a different picture. Since the royal commission said that this land was worth $7,000 an acre, the hon. lady either repudiates the royal commission or she makes mincemeat of her sale at $2,000 an acre; and that is exactly what I am complaining about and what I say there is a proper complaint about with regard to those who have a special responsibility and special trust with regard to

these Indian lands. It seems to me that there was just a shocking neglect of the proper discharge of that trust.

Mrs. Fairclough: Mr. Chairman, I repudiate that statement entirely. The hon. member knows full well that the land which was subsequently sold to hydro was not by any manner of means sold for $2,000 an acre. The figure of $2,000 an acre was the average price for the whole area and certainly not the price for the particular section of land which was sold to hydro.

I might draw something further to his attention. Since he seems to be so familiar with the proceedings of this royal commission, he had better read the part where the judge said he felt that the interests of the Indians had been well protected by this department.

Mr. Pickersgill: Mr. Chairman—

The Chairman: Order.

Mr. Pickersgill: I think I might be allowed to reply to that direct suggestion.

The Chairman: Order. I recognize the hon. member for York North who has been trying to get the floor for some time.

Mr. Cathers: Mr. Chairman, the hon. member for Bonavista-Twillingate is being extremely unfair in his statement.

An hon. Member: He always is unfair.

Mr. Cathers: He states that he has not read this royal commission report and yet he says it was a whitewash. I think he made the same charges here last year with regard to the minister gypping the Indians. I say this to the hon. member: He has done it again and he has not investigated the report of the royal commission. If he had done so, he would not have made these statements he has made today. Another thing the hon. member did was to criticize the price. A large block of land was sold for $2,000 an acre. A small block—an extremely narrow block and a desirable one—was bought by the hydro at a higher price. What is wrong with that procedure? It is just another example of the great foresight of this group across the way, and it is similar to the stand they took the other day with regard to bonds that were sold and which they said should not have been sold. After three years they can see the difference. Frankly, Mr. Chairman, I think the hon. member has been most unfair in his charges with regard to this matter.

Mr. Pickersgill: I am glad I allowed the hon. member for York North to speak first because it is so much easier to reply. It is none of our business what the royal commission says because the royal commission was investigating the conduct of a provincial body.

Mr. Cathers: Why were you referring to it?

Mr. Pickersgill: I was referring to it because, as the hon. gentleman knows very well, the royal commission said that what the hydro did was justified.

Mr. Cathers: How do you know?

Mr. Pickersgill: Because I read the newspapers, as the hon. member also does. I say, Mr. Chairman, it is reasonable to assume that when all three Toronto newspapers agree on a fact, it is likely to be a fact.

There does not seem to be much doubt that the royal commission did say this transaction was justified, that hydro was justified in paying $7,000 an acre. If that is so, that makes the case against the federal government that much worse. If the royal commission had said—as some people think it should have said—that this was a fixed deal and that hydro paid far too much, that would support the hon. lady. But if hydro paid a fair price at $7,000 an acre, then the hon. lady did not get a fair price at $2,000 an acre.

Mrs. Fairclough: That is nonsense.

Mr. Pickersgill: That is not nonsense at all. The hon. lady makes a great deal of fuss about this being a small area and the most desirable part. As a matter of fact the only evidence given, which the hon. lady has never attempted to deal with, is that this is about the most undesirable part of this tract of land because it happens to have, not one but I believe two of these hydro lines going across it. It would therefore not be a suitable area for building.

Far from being the most valuable piece of land it is probably, except for hydro purposes, an almost useless piece of land according to the information about this particular tract, that has never been contradicted. The information I have about it may be wrong. I confess I have not gone down there myself and walked over it. I am not speaking from direct personal knowledge. But evidence was put on *Hansard* last year about these hydro lines going across this particular piece of land, about the purpose for which hydro wanted it and about its unsuitability for building purposes.

I will be very surprised if other tracts of this land are not resold by the present purchaser at an even higher price than hydro paid.

Mr. Ricard: That is normal business.

Mr. Pickersgill: Of course it is normal business; I am not criticizing the purchaser. But

surely it is the duty of the government not to sell off Indian reserves, that are held in trust for the Indians, for less than their worth and for less than can be obtained for the benefit of the Indians, in order to enable a fly-by-night real estate operator to make a quick buck out of it.

An hon. Member: We do not do that type of thing.

Mr. Pickersgill: That is what you did.

Mrs. Fairclough: Mr. Chairman, I do not know how many times I have to say this for it to sink in. Possibly it will never sink in.

An hon. Member: He has a pretty tough hide.

Mrs. Fairclough: We had three separate and distinct valuations of this property, taking into consideration not only present values but potential values in the area. The price received by the Indians for their land was a fair price. I cannot go any further than that. Every safeguard that could be taken was taken.

I am sure my hon. friend does not doubt my intentions in regard to the Indians. I have a very grave responsibility toward them. This deal was explained to them in detail; it was a deal they themselves wanted and accepted. I am sure that if my hon. friend, who talks about the fuss I made—and I might say this, he is the worst fussbudget in the house—would think back to his own experience in the department he would know that had this deal not gone through he would have reason to make an even bigger fuss.

Mr. Pickersgill: I certainly would not. I accept the hon. lady's word about her intention; I have never at any time cast any reflection on her intentions. But I am dealing with facts, only with facts, and I intend to deal with facts.

I tell the committee this, and I hope no one doubts my word. I did agree to negotiate with a company in 1957. That company considered, until it found it impossible to finance the transaction, that this land—not quite as much, but nearly as much; nearly the same property—was worth $8 million. The hon. lady sold it for $6½ million. If I had been minister, that fact alone would have given me plenty of reason for pausing, if between 1957 and 1960 the price offered for land—maybe they offered too much—

Mrs. Fairclough: That is why they withdrew. They found they had offered too much.

Mr. Pickersgill: The hon. lady is misrepresenting the facts. The hon. lady knows perfectly well that the arrangement for financing fell through—

[Mr. Pickersgill.]

Mrs. Fairclough: That is a very nice excuse.

Mr. Pickersgill: Whether it is an excuse or not, I am saying that if I had been in office and had been considering a transaction to sell Indian lands for $8 million, I would have looked long and hard before selling it for $6½ million.

Mrs. Fairclough: That is precisely what we did.

Mr. Pickersgill: I would not have been satisfied with three valuations, knowing there was another potential purchaser for a part of that land and when, as it turned out, that potential purchaser was already in negotiation with the person to whom the hon. lady was making the sale to pay a price three and a half times as much as the hon. lady sold it for.

In the face of the facts it really does seem to be a transaction impossible to defend in any way.

Mr. Macdonnell: Mr. Chairman, I should like to make a comment on this although I have come in late and I do not think I know all the facts. However, two or three things seem to me to be clear.

It seems to me this is a classic case that so often arises, of wisdom after the event. Anyone who has anything to do with business knows that real estate values often do strange things. I had a little experience myself. I sold a house for a figure which makes me blush now when I think of it. Why? Not because it was not a reasonable thing to do at the time, because I had the best opinions and it looked perfectly all right; but that house has since changed hands at figures I do not like to think of.

I do not blame anyone for that. Perhaps I blame myself a little, but I do not blame myself very much. Therefore when the minister tells us—and apparently this is not contradicted in any way—that there was not one valuation, not two valuations but three valuations, and presumably from reputable people, how it is possible to come along and say the matter was gone into hastily and in an ill-considered fashion passes my understanding.

Mr. Pickersgill: I am sure that when the hon. member for Greenwood sold the house to which he referred he did not watch it change hands to another purchaser the next day, or even the day before, at a price three and a half times higher than he sold it for. That is what happened in this particular case.

The deal between hydro and Dimensional had, according to uncontradicted evidence that was put on *Hansard* last year—no one has yet attempted to contradict it—already

been made before the deal was made between Dimensional and the federal government.

It seems to me that is the most serious aspect of this matter. The department knew hydro wanted this land. The hon. lady admitted that before the hon. member for Greenwood came into the committee. They knew this land was wanted by hydro. Hydro is not like red China; surely it is recognized by the federal government as an entity to which they can speak. It surely should not have been very difficult for the hon. lady herself to pick up the telephone and ask Mr. McCauley or Mr. Duncan if they really wanted this property.

Mrs. Fairclough: Will the hon. member permit a question?

Mr. Pickersgill: Certainly.

Mrs. Fairclough: Is he saying that, against the wishes of the Indians who expressed themselves as not wishing to deal with hydro, I should have forced them to deal with hydro?

Mr. Pickersgill: No, I am not saying any such thing. I am saying that the minister should not have agreed without exploring what hydro would pay and telling the Indians what hydro would pay. I am not saying the minister should have forced them to sell to hydro. I know she could not, according to law.

There is another aspect of this matter which I have not yet mentioned but which I will mention now. There was a meeting of the band council—the hon. lady knows about this because I asked questions about it earlier in the session—and just before the vote was taken the representative of the purchaser, a lawyer, went around and offered each of the Indians another $100. That was immediately before the vote was taken. This to me—

An hon. Member: When was that?

Mrs. Fairclough: That is not true. That is a misrepresentation.

Mr. Pickersgill: Then will the hon. lady tell us what happened at that meeting.

Mrs. Fairclough: Yes, I will tell you. This deal was going through, and since Christmas was at hand the Indians asked whether they could expect to have an advance. They did not get anything extra. The locatees got an advance on the sale price. There is no secret about it. The amount of money was paid by cheque to these locatees whose land was being taken over, and it was an advance on the sale. I suggest to the hon. member that having regard to the fact that the deal was through and the vote had been taken this was a perfectly reasonable thing to do.

Mr. Pickersgill: I think we ought to understand how these things happen. The band council has to vote the surrender of the land before it can be sold. Before the vote was taken, an offer had been made by this company—an offer to pay so much, and so much down—and there seemed to be some doubt whether it would be accepted or not. According to the information given to me, a legal representative of the company, when he saw the way the vote was going, said there would be another hundred dollars paid right away if the vote was favourable. If that had been a vote in a federal election, that vote would have been invalidated, as the hon. lady knows. It seems to me that this is just another of those things which would have made the minister doubly suspicious. That happened before Christmas, if my memory serves me right—

Mr. Speakman: On a point of order, the hon. member has just made an allegation. I think he should be called upon to prove that allegation.

Mr. Pickersgill: As a matter of fact, the allegation is not contradictory of what the hon. lady herself said.

Some hon. Members: Oh.

Mrs. Fairclough: The hon. member is saying that this proposition was made by the company to the Indians before the vote was taken. I say the proposition was made by the Indians to the company after the vote had been taken, and that is a different thing.

Mr. Pickersgill: Does the hon. lady say the vote was taken before they were told that as soon as the vote had been taken they would get this hundred dollars?

Mrs. Fairclough: That is the information I have. I was not at the meeting, and neither was the hon. member.

Mr. Pickersgill: No, I was not at the meeting, either and I have no documents. But, of course, there was a record made of that meeting and the hon. lady could inquire of the superintendent what the facts are. It seems to me it is very important that these facts should be established, because the information given to me—

Mr. Speakman: What information and from where?

Mr. Pickersgill: I have been given information by someone who was there—someone who was interested in the matter—and the information I have been given is that they were told before the vote was taken. It is true no money was paid before the

vote was taken, but they were told before the vote was taken that if the surrender was approved they would get another hundred in cash right away.

Mrs. Fairclough: Not another hundred, an advance.

Mr. Pickersgill: Another hundred in cash right away—not an increase in the price, of course.

Mrs. Fairclough: What does the hon. member mean by "another hundred dollars" if he does not mean an increase in the price?

Mr. Pickersgill: I mean a hundred dollars in cash that they would not have got.

Mrs. Fairclough: The hon. member still insists that this deal was made before the vote was taken. Does he insist that the company offered this advance to the Indians or is his informant telling him that the Indians asked for it, which is the information I have.

Mr. Pickersgill: I do not know who brought the subject up, but I do not think it matters.

Some hon. Members: Oh.

Mr. Pickersgill: I do not think it matters for this reason: When a vote is being taken on a matter of this kind at a band meeting, all the Indians who are interested not necessarily being present, it is my belief that a financial consideration of that character, no matter who initiated it, is improper. Again, to use the analogy of a federal election, it does not really matter whether you go and ask a fellow whether he will offer you $10 for your vote or whether he comes to offer it to you. Whatever way that happens it is wrong, and I say there seems to have been—

Mr. Speakman: More of these allegations.

Mr. Pickersgill: The hon. member can reply in his own time. I am surprised, if the supporters of the government think this is such a good transaction, that they are so worried about any criticism of it.

Mr. Charlton: It is the insults.

Mr. Pickersgill: Well, the only person who is being insulted during this discussion, if one can call it insult, is myself. Imputations have been made concerning my motives. The hon. lady has described me in rather unparliamentary terms—I do not take exception to that, because I know the hon. lady. I have dealt with such facts as I know. I have let the hon. lady interrupt me every time she wanted to interrupt, because I did not want to represent anything which was not a fact. I want to be very clear as to what the facts are. It seems to me that when this company showed this tremendous eagerness to get this land, and when they had their lawyer lobbying at the meeting, suspicions should have been aroused. Why were they so desperately anxious to get this land, and so concerned about giving the Indians a little money before Christmas? It seems to me there was tremendous eagerness to get this transaction through. Another thing which is hard to explain is this: why, when the surrender was made before Christmas, did it take the hon. lady until March 14 to conclude the transaction? Did she have to wait until the other people were sure they had got hydro on the hook before she would conclude it? Does the hon. lady know whether there was any agreement between the company and the hydro before she signed the agreement herself?

Mrs. Fairclough: The answer to the last question is, no. As far as the length of time is concerned, I have already explained that we had not one but three valuations to make. The intervening time was taken up in making a thorough investigation of the situation.

Mr. Pickersgill: Were the valuations made after the surrender?

Mrs. Fairclough: One was made before, and the last two were made after the surrender.

Mr. Pickersgill: I am not going to traverse this subject further but there is one other thing I intend to suggest to the hon. lady. This transaction is not completely concluded yet. I am going to propose that the minister talk to her colleagues and suggest to them that an inquiry be made to find out whether or not any understanding or agreement had been reached between the company and the hydro before this sale was completed and, if it was, I suggest that the whole matter be looked into again to make absolutely certain that there is not some redress we can still give the Indians whose trustees we are.

Item agreed to.

Welfare of Indians—

59. Operation and maintenance, including a grant to the province of Manitoba of one half of the cost of a program of community development not exceeding, $50,000, $9,176,563.

Mr. Pickersgill: On this item can the hon. lady tell us how many Indians are receiving welfare at the latest available date compared with the same date last year?

Mrs. Fairclough: I am sorry, Mr. Chairman, but we do not have those figures immediately available. I shall be glad to procure them for the hon. member.

Mr. Pickersgill: I believe it would be interesting to have the comparison on the record.

Mrs. Fairclough: If the hon. member agrees we will procure this information and I will make a statement tomorrow so that it will go into the record.

Mr. Pickersgill: That would be satisfactory.

Mrs. Fairclough: I am afraid I will have to withdraw that last statement. My officials tell me that they do not think it could be procured by tomorrow. I will, however, make it available to the hon. member at the earliest opportunity.

Mr. Pickersgill: That would be very desirable. It would be good to have the most up-to-date information.

Item agreed to.

60. Construction or acquisition of buildings, works, land and equipment, $2,010,000.

Mr. Pickersgill: Mr. Chairman, I believe there is a decrease in this vote. Could the hon. lady say what is involved in this particular kind of construction? Is it housing?

Mrs. Fairclough: Yes, Mr. Chairman. This vote provides for assistance in the provision of adequate housing with minimum standards for needy Indians and also for the purchase of equipment. The details are for financing, in whole or in part, the construction of 817 housing units including minimum services if required. In addition it relates to the purchase of three new automobiles and equipment such as carpenter's tools, cement mixers for use in house construction, sewing machines for homemakers' courses and similar equipment.

Mr. Pickersgill: Are fewer houses being built this year than last?

Mrs. Fairclough: The winter works program accounts for a part of the reduction. An additional vote was added on to last year's estimates. That accounts for the difference.

Mr. Pickersgill: I am afraid I do not understand that at all.

Mrs. Fairclough: We put through a supplementary estimate in the autumn after the house met in order to do some of the work ahead of time which removed the necessity for putting that amount into this year's estimates.

Mr. Pickersgill: That still does not answer my question. Are more houses going to be built in 1961-62?

Mrs. Fairclough: I am told that our housing program will be maintained at approximately the same level this year as last. Present plans call for the construction of 817 housing units, as I mentioned, in 87 agencies. During the fiscal year 1961-62, work was started on these from funds provided in the supplementary estimates that were put through in November or December last.

Mr. Pickersgill: How many houses are under construction or have been completed in this fiscal year?

Mrs. Fairclough: The estimated number for last year was 907 units. I might add that the 907 included 80 houses to be built from funds provided by the supplementary estimates. There are 817 to be built this year.

Mr. Pickersgill: So that there is a decline in the housing program?

Mrs. Fairclough: No, the hon. member is confused by the construction that was started in the interval between the two years. The 907 included 80 houses for which provision was made in the estimates that went through in November or December. If we were to deduct 80 from the 907 there would have been 827 built last year, but if you were to add 80 to the 817 there would be 897 this year.

Item agreed to.

61. Economic development—operation and maintenance, including an amount of $6,500 for grants to promote Indian agriculture, handicrafts and economic enterprises generally, $1,113,148.

Mr. Pickersgill: As the hon. lady knows, the subject of this vote is, next to education, my favourite. Could the hon. lady produce any figures showing how many Indians are employed? I do not refer to those who have independently secured employment but to those who have gained employment as a result of the various activities of the department under the economic development program?

Mrs. Fairclough: I believe I gave that information in my opening statement, but I will see if we have a recapitulation available. The hon. member is inquiring about figures from the commencement of the program, is he?

Mr. Pickersgill: No, Mr. Chairman. Perhaps I had better explain what I am really trying to get at as it may save time. I want to know how many Indians are actually employed as the result of this kind of placement activity, and so on, as compared with a year ago.

Mrs. Fairclough: We have the figures divided into two lots, urban placements and rural and seasonal placements. In 1960 there were 3,773 in rural and seasonal placements as against 2,827 in 1959. With respect to the urban placement program, 344 were permanently employed as of November 30, 1960, which is the last date we have. I have to subtract the figure from the total to get a comparison with the year before. On the basis

of my rapid calculation, it appears that there were about 150 in this category the year before. It has just about doubled.

Mr. Pickersgill: In a general way does the hon. lady think, notwithstanding the greater difficulty the rest of the population has in finding employment, that as a result of the activities of the placement service and the economic development program she is doing better at the present time than she did a year ago?

Mrs. Fairclough: I think so, Mr. Chairman. As a matter of fact this is a progressive thing. Every Indian who takes a job and makes good at it paves the way for two or three more. It is a snowballing thing. As the people who make a success set an example, it is followed by others. The effects are seen not only among their fellow Indians but their success also makes the respective employers a little more amenable to the suggestion of hiring Indians.

Mr. Pickersgill: The hon. member for Selkirk asked earlier about Grand Rapids and developments in that part of Manitoba which appear to be extremely gratifying. I should like to know about developments at the International Nickel Company at Thompson in northern Manitoba. Has the department been successful in persuading that company to employ Indians?

Mrs. Fairclough: We have been trying, Mr. Chairman. I do not think we have been quite as successful there as we have at Grand Rapids. We are still working on it. There have been some difficulties in the way. We hope we can persuade these people to hire more and more Indians as time goes on. I can assure the hon. member that we are not falling down on the job but are keeping right after them.

Item agreed to.

62. Construction or acquisition of buildings, works, land and equipment, $511,407.

Mr. Pickersgill: What is the nature of the construction under this vote?

Mrs. Fairclough: This provides for capital expenditures in connection with expanded and accelerated development of commercial enterprises which tend to permit the attainment by Indians of higher standards of living. For instance, it provides for the construction of freezers for storage of food products, including wild game and commercial fish; for the breaking, fencing, ditching and drainage of land; for dams and dikes; for the rehabilitating of waterfowl, and muskrats; ice houses for commercial fishing projects; vehicles used by placement officers; saw mills for cutting lumber for houses or for sale; farm machinery, tractors and conveying equipment; bulls to improve breeds of livestock; garden tools; breeding cattle. These are all included in this item.

There is an item of $266,004. This is mainly in an expanded agricultural and commercial fisheries program, necessitating increases in the amounts provided for breaking and fencing, ice houses, livestock, which includes cattle formerly provided for under operation and maintenance of farm machinery, flooding equipment; outboard motors for commercial fisheries. They are offset by a decrease in the amount for freezers, saw mills and conveying equipment.

Mr. Pickersgill: It is more than doubled, in fact.

Mrs. Fairclough: Yes.

Item agreed to.

64. Construction or acquisition of buildings, works, land and equipment including payments under agreements to provide joint educational facilities to Indian pupils, $7,705,000.

Mr. Pickersgill: I notice there was a small increase. Does the hon. lady think she is getting anywhere near catching up on the need for schools?

Mrs. Fairclough: There is a small decrease.

Mr. Pickersgill: That is really what I meant to say. The fact that there was a decrease made me wonder whether the need for schools was somewhat less than it had been?

Mrs. Fairclough: Well, that is a pretty broad question, Mr. Chairman. We are not replacing residential schools unless it is absolutely necessary. Some of the schools which are in use are pretty ancient. There is one place I can think of where the schools were condemned and we will have to dispose of them, and other arrangements are being made. In some instances it is possible to make arrangements with nearby non-Indian schools to absorb the pupils from day schools. This we will do wherever necessary.

I should like to see us reach the stage where all Indian children were in integrated schools but, of course, for a long time there will be areas where children will require residential schools and there will be families who, because of their living habits, will be unable to look after their own children's education unless they do go into residential schools.

Mr. Pickersgill: For the last 10 years we have been spending a great deal of money on schools.

Mrs. Fairclough: Yes.

Mr. Pickersgill: One assumes that for most of that period we have been trying to catch up with the backlog?

Mrs. Fairclough: Yes.

Mr. Pickersgill: One assumes that, since the life of these schools is more than 10 years, certainly we ought to be reaching a point when there would be a deceleration in the rate of need for schools. That is the point.

Mrs. Fairclough: It is true that we are catching up to some extent, but there is the other side of the question and that is the tremendous population increase. As I have said on more than one occasion, and as I think I said the other day in the house, about 50 per cent of all Indians are under 16 years of age. This raises a continuing and increasing problem with regard to their education. The offsetting factor, as I have said, is the fact that more and more of them are going into integrated schools.

Item agreed to.

480. To authorize loans, in accordance with terms and conditions prescribed by the governor in council, to Indians in the current and subsequent fiscal years to assist them in acquiring housing, $100,000.

Mr. Pickersgill: Is the hon. lady going to say a word on this?

Mrs. Fairclough: I explained that the other day, but I shall be glad to say something on it. I gave an explanation on the first item of my estimates.

Mr. Pickersgill: I do not want to ask for any repetition.

Item agreed to.

The Chairman: That completes the estimates of the Indian affairs branch. the next branch is the national gallery.

NATIONAL GALLERY OF CANADA

253. Administration, operation and maintenance including grants as detailed in the estimates, $975,116.

Mrs. Fairclough: Mr. Chairman, the national gallery of Canada is, at this time, completing its first year of operation in its new location in the Lorne building in central Ottawa.

I have been most encouraged by the extraordinary demonstration of public support for the gallery and its activities, which is evidenced by the checked attendance since the inaugural opening of the new premises on February 17, 1960. As of the closing hour last evening, February 22, the attendance was 585,188; in other words, 585,188 visitors have entered the building in that year and five days to enjoy the collections, the circulating exhibitions, the library, lectures and study seminars, which constitute the program of this living museum of art in our national capital.

I should like to point out that in addition to the attractive program of activities taking place in Ottawa, the national gallery of Canada, through its division of exhibition extension services has, since I last reported, circulated 46 travelling exhibitions throughout the length and breadth of this vast country. It has also sponsored a series of lectures on art topics in many centres, from the Atlantic provinces to the west coast. I am informed that a conservative estimate of attendance at these travelling exhibition and lecture services outside of Ottawa is approximately 244,000 persons. These, together with publications, reproductions, technical and curatorial advice, are the services the national gallery provides to the Canadian public at home.

The gallery's services abroad are also activities of considerable significance and value. We have participated successfully in the thirtieth biennale of international art in Venice, Italy, and at present the national gallery, in collaboration with the national museum, is presenting a comprehensive exhibition of Canadian art in Mexico city. The combined attendance at these two events is as yet not fully reported, but it may reach a further 100,000. It will thus be seen that the public attendance at events sponsored by the national gallery, at home and abroad, may be somewhat in excess of 900,000 persons.

In its program outlined for the coming year, the gallery proposes to extend the space devoted to Canadian works in the Lorne building, it having been felt during the past year that not enough space has been available adequately to display Canadiana, particularly that of the French tradition. The north gallery, facing Albert street, formerly employed for the exposition of design centre projects, is to provide additional space for this purpose.

Among the exhibition features of the coming year will be the fourth biennale of Canadian art which will open in Ottawa on May 16, 1961. Following its exhibition in Ottawa, it will be circulated across Canada. For the first time, the trustees have declared a policy of making the biennale an open exhibition. This means that any Canadian who desires to submit work to the jury of selection may do so.

Another important exhibition will be the "Heritage de France", opening in Canada in the autumn of this year. This exhibition will bring to this country masterpieces of French painting of the seventeenth and eighteenth centuries. The national gallery will be one of the participating institutions in this great international project.

The curatorial division is continuing various projects on basic research; a definitive history of Canadian art, and a dictionary of national biography, dealing with Canadian artists and sculptors born before 1867, are in preparation

at the present time. These and many other worthy undertakings are being planned and encouraged by the board of trustees.

In my opinion, Mr. Chairman, the board of trustees of the national gallery of Canada have, through their careful and imaginative planning of the program of this important agency, justified the confidence and support of this committee.

Mr. Pickersgill: Mr. Chairman, I do not intend to detain the committee more than about a minute, but I cannot refrain from expressing a little pardonable pride at the success that has attended the national gallery in the new building, a building which I recall seeing with my mind's eye as I looked out of my office as minister of citizenship and immigration with the architect when we discussed the site, which was visible from that office, and the planning of the building. I just wanted to recall the fact that this was one Liberal vision that became a reality. I confess that even in my wildest dreams I never thought the number of visitors to the building would be as great as in fact it has turned out to be, which would seem to suggest that there are many Canadians who genuinely believe that man does not live by bread alone. Before the estimates carry I wish to ask one or two questions, but that is all I have to say of a general nature.

Mr. Herridge: Mr. Chairman, I listened with interest to the rather rapidly read statement of the minister on the national gallery. I hope the tempo of the reading does not indicate the minister's appreciation of the value of the gallery to Canada. I can well understand the hon. member for Bonavista-Twillingate's pride in the building because I think it is quite correct to say that the conception was during the previous government's tenure, and the excellence of the building and the arrangements are indicated by the very greatly increased attendance.

I have visited the gallery on a good number of occasions and, even though it is still spoken of as a temporary building, I think Canadians can view the building and its contents with pride. I have noticed Canadians and tourists from other countries going through the building who have shown a similar interest, and this is indicated by the attendance of people in the last year.

I want to pay a tribute to the director and his staff. The director is without doubt a man with ideas. He is not only a painter of distinction and a gentleman who has occupied a position with the University of Toronto but, as I was informed only recently, he has also been a military adviser to NATO. I did not know that his activities had covered such a wide field. I was thinking about the national gallery the other day and I remembered reading the submission of the director to the royal commission on arts, letters and sciences. I may say that the present director of the gallery, Dr. Charles F. Comfort, is not only a painter but also composes with considerable cognition because I read his submission with great interest. It is very well written indeed and it is well worth anyone taking the time to read it. It has to do with painting and, as I said before, was a submission to the royal commission on arts, letters and sciences by the present director. I might say that after reading the submission I almost wished the director had taken to literature as well because we lack style in our literature and in my opinion this is a very well written article. The director has this to say:

> In conclusion it may well be asked, under which system is art likely to prosper, where the state plays a part as patron, or where that function relies upon the voluntary interest and support of private institutions and individuals?

He goes on to deal with this question of magnitude and then says:

> It would seem that the only valid reason for a state concern with the arts arises when it is shown that the character of local conditions endangers the preservation and development of the cultural heritage. In a small industrialized modern state, the task of supporting adequate cultural activities has far outstripped the capacity of private and voluntary means, a circumstance which must be well documented in the briefs submitted to the royal commission on cultural affairs. In expressing a hope that some instrument for the assistance and development of the arts may be set up in Canada, I am confident that it would play a most useful and vital part in our spiritual regeneration. But its constitution and the fruitful fulfilment of its function depend upon a careful consideration of the dangers as well as the advantages of such a procedure. The value of democracy rests in a respect for individual rights and individual differences which should be preserved rather than restricted or inhibited.

I think that paragraph puts very well indeed the necessity for assistance by the state in such matters as art galleries, museums and things of that nature if we are going to preserve our cultural heritage. Having made these few remarks I do want to say that certain matters have been brought to my attention and I have two bones, shall I say, to pick on behalf of a number of citizens of Ottawa, some of them of Scots ancestry, who have telephoned me. In fact, a gentleman telephoned me the other day and said he was not in the habit of calling socialists because he was a member of the Progressive Conservative party, but he wanted to bring to my attention certain things that he thought should be corrected so far as the national gallery is concerned.

First of all, I am informed, and I have to depend so far as these matters are concerned on my informants who are quite well

known and responsible people, that paintings and statuary worth millions of dollars are in storage in a building on Echo drive. I am told that the building is about 45 by 40 with a ceiling 20 to 25 feet high. I am told that there is also a collection of war paintings there which I am informed is valued at about $2 million.

I understand there are enough paintings in storage in this building on Echo drive to stock a good-sized art gallery and that in fact there are some paintings in storage which have been purchased in more recent years as the result of estimates passed by the house. When the minister replies I trust she will inform the house as to the value of the paintings in storage on Echo drive and possibly give us some idea of the number of paintings and pieces of statuary in storage because I promised these people I would raise this question.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Herridge: Mr. Chairman, when we rose at six o'clock in order to refill our personal art galleries, I had paid a tribute to the director and his staff and had dealt briefly with the paintings in storage and with a valuable collection of war paintings that are also in storage.

Before proceeding with the remainder of my brief remarks I wish to say this. It has been a joy to go through the gallery this year not only because of the excellence of the building and of the arrangements, with the exception of one or two things which I shall mention later, but because of the interest I have noticed on the part of young people going through the building. It was not just a casual interest. I have stood there for some time on occasions and have noticed the genuine interest they were taking in the various types of pictures, a fact which indicated to me, particularly in view of the large number who have gone through the gallery—I think the minister mentioned a figure of something over half a million—the great value of the national gallery to us as a nation and the much greater value it can be with proper support, good public relations, a further increase in the number of paintings and so on, particularly in certain schools.

In the estimates this year I notice quite a modest amount for the purchase of new pictures. We support that item wholeheartedly. These are not times when we can be lavish in this respect but I think it is a good thing, even under somewhat difficult circumstances, to indicate our interest by at least the estimate we have at the present time in purchasing pictures this year. I think I heard some reference in some place to the saying that money is required and we cannot afford, as a nation, to let the national gallery stagnate.

Before proceeding further, I want to suggest that if the pictures at present in storage cannot be hung in the national gallery they should be lent to other institutions. I presume some of them will be hung. I know the difficulties under which the director and his staff have worked this year. We cannot expect everything to be done in one year. However, I suggest that as many as possible of these pictures be hung for people to see. As to those which cannot be hung or which possibly are not suitable to be hung in the circumstances under which they would be hung, I suggest that they be lent to other institutions because I believe these things should be seen, particularly by the young people of the country.

As to the war paintings, I know they are in a rather different class. I saw some of them years ago. They are quite large canvasses, I understand. Possibly it would be a good idea if these paintings could be taken over by the national archives and, in any event, hung so that the present and coming generations will have an opportunity to see in graphic form recorded on these canvasses what was done in the years of war.

I now come to another matter that I have been asked to mention by some of my Conservative friends. Last Wednesday I asked the minister why the picture of the Marquis of Lorne was not hung in the national gallery. The minister replied that a picture by the distinguished pre-Raphaelite painter, Sir John Everett Millais, was at present hanging in the national gallery. The people who communicated with me on the telephone and otherwise have been frequent visitors to the gallery—they are Ottawa people—and have failed to see it. Some of them were in the gallery at the time of the minister's reply and they tramped off, hot foot, to see where this picture was. I might say that we found that it is technically correct to say that there is a picture of the Marquis of Lorne in the national gallery, but under the circumstances, hardly one in substance. This fact is felt keenly by some of the Scotsmen in Ottawa.

In order to verify the telephone conversations I have held, I went to the gallery on Sunday. I am told in the first instance that the picture in storage is a magnificent picture about eight feet by six feet, of the marquis in highland costume, in full dress.

At the present time I understand it is resting on its side, with dust on the frame, in this building I previously mentioned. I am also informed on making further inquiries that this extremely striking picture—according to my informant it is striking; I have not seen this picture—is actually owned by the Department of Public Works. I wish the minister would explain that matter. If so, it is a rather unusual set of circumstances.

We all know that the present national gallery building, namely, the Lorne building, is a great improvement over our previous accommodation for the national art gallery. I think it is now quite true to say that we might even have the motto "Enjoy yourself in comfort with Comfort". I raise this point particularly because the Marquis of Lorne was the founder of the national art gallery in 1880. When these people called me and talked to me about this matter I had a sketchy knowledge of the period of Canadian history during which the Marquis of Lorne was governor general of this country, but I made it my business to get a few books from the library and I have been astounded at what I have discovered.

The Marquis of Lorne was a man of vision, culture and great generosity. The Marquis of Lorne was governor general of this country from 1878 to 1883. He was a viceroy. He was an ambassador. He was a unionist member of parliament for a Lancashire constituency. I might explain that a unionist is a Tory who recognizes the impact of industrial civilization and faces life in a more pragmatic way than did his predecessors. The Marquis of Lorne was an economist. He wrote books. I found one in which he carried on a considerable correspondence with Henry George, the person who wrote on the single tax question. He was an artist. I found another book—and I draw it to the attention of the minister and the director—in which are included dozens and dozens of his sketches and drawings. They are delightful sketches and drawings. He was an author; he wrote books. Anyone who reads the two books he has written, entitled "Passages from the Past", which are more or less extensions of his diary, will be informed of the great part he played in Canadian history. He was a composer and playwright. He wrote his own plays and had them performed before audiences composed of guests numbering as many as 500. He was a diarist and he was the first governor general of Canada to, as it were, rap the knuckles of the colonial office in Great Britain with respect to its lack of understanding that Canada was a growing nation and should have her independence in certain matters.

He played a considerable part in creating understanding between the French and British populations in Canada and defending the rights of the French-Canadian minority. He founded the royal society of literature in Canada and in 1880, as I have mentioned before, he founded the national gallery. In his diary there are two or three delightful passages which deal with the first three annual exhibitions or events that took place after the opening of the national gallery.

Therefore, Mr. Chairman, I go to some length to mention his qualities and great achievements. Anyone reading his books will see that he was a man of great wisdom, of powers of observation and of balance, a student of human nature and of nature.

Mr. Brunsden: Mr. Chairman, would the hon. member permit a question? Is the hon. member for Kootenay West a contemporary of the gentleman in question?

Mr. Herridge: That was a sharp question.

Mr. Drysdale: Let's hope we get a sharp answer.

Mr. Herridge: I cannot claim to be a contemporary in time; I can, in spirit and purpose.

Mr. Grafftey: Wisdom is timeless, is it not?

An hon. Member: That is more than the present Tories can say.

Mr. Herridge: Naturally the building was named the Lorne building after the Marquis of Lorne, but "Lorne building" does not mean much to many people coming to the national gallery, or to visitors and tourists. My point is this. Pictures are required when we come to glamourize history, to dramatize history and inform people of our history, of which we should be proud.

There is a painting in the gallery of the Marquis of Lorne. It is about 29 inches by 40 inches and it was painted by Millais. It is a rather drab painting, showing the Marquis with a very pallid countenance. It is on display on a side wall in a side room on the second floor. As a matter of fact, you actually have to kneel to read the small inscription, which is a few inches long and very dark, which says this is a picture of the Marquis of Lorne who was the founder of the national gallery. Because it is in an out of the way place and is so small, many people apparently visit the gallery and have no idea it is there.

My point is this. Just two pictures over and in close proximity to this picture of the Marquis of Lorne is quite a large and posterior view of an attractive nude. I cannot say; I am not a judge, but I am told it is. It almost appears that the picture has been put there to distract attention from the painting of the Marquis of Lorne. I can tell

the committee that I stood there for an hour on Sunday and watched people come along—

Mr. Ricard: How did you make out with it?

Mr. Herridge: —and not a single visitor noticed the painting of the Marquis of Lorne: they all headed straight for this other picture.

Mrs. Fairclough: You were standing in front of him.

Mr. Herridge: No, I was standing to one side. On reading the books written by the Marquis, reading his history and some comments in his diaries, I do not think he would be at all flattered or complimented by being in such close proximity to a nude. In fact, I think that out of respect to his memory you ought to put kilts on her. I am speaking on behalf of people who have a sense of Canadian history and who appreciate these facts. I am speaking for many people of Scots descent, and I am sure for all Canadians who value our traditions, history and so on.

Therefore I do urge that the painting of the Marquis of Lorne which is now in storage, the painting in which I am told he is shown in his full highland costume, a painting about six feet by eight feet, be placed facing the front doors on the ground floor as you enter the gallery, and that underneath there be an appropriate plaque which not only mentions that he was the founder of the national gallery but deals to some extent with the great contribution he made to Canadian development and Canadian nationhood.

I think this would be a fitting tribute to the Marquis of Lorne and to his achievements. It would direct the attention of Canadians, visitors and tourists to the fact that this man, the Marquis of Lorne, pictured in front of them was the person who founded the gallery. I am sure that as a result of this they would go away with a much clearer understanding of who he was, what he did and what his founding of the gallery has meant in the years since, and particularly at this time.

I think it would be most suitable to do that. In conclusion I do urge that consideration be given to using the paintings we have in storage and finding some place, possibly the archives for the war paintings. Then, a fitting tribute, such as I have described, should be paid to the Marquis of Lorne and this painting hung in the appropriate place, namely facing the front entrance so that all will know who founded the national gallery of Canada.

Mrs. Fairclough: Mr. Chairman, perhaps I could answer the hon. member for Kootenay West. After his very eloquent plea on behalf of the Marquis of Lorne I am sure the director and the trustees will take the whole matter of the proper display of his portrait and such additional information as may be deemed appropriate in the circumstances into earnest consideration.

I may say, though, that it is true the national gallery does not own the portrait which is in storage, and consequently I do not believe it is available for display. An arrangement was made some years ago to store it for the Department of Public Works, and there it rests.

I am not qualified to judge the merits of the two paintings, but I am told that the one hanging in the gallery is much superior to the other. I may say in this regard that the other day the hon. member made the statement that having this one portrait on hand the gallery had gone to the expense of having the other one painted. Possibly he has found out in the meantime that this is incorrect. That painting was presented to the gallery by the artist himself in 1884.

Mr. Herridge: The portrait by Millais?

Mrs. Fairclough: Yes. With reference to paintings which are in storage, it is true that there are quite a few paintings in storage but the majority of them have now been moved to the Lorne building where they have better facilities for them. They will, in time, be displayed on the rotation system which is in practice in the gallery.

The rest of the paintings will be removed just as quickly as possible, but I can assure the hon. member that this storage is a temporary arrangement and as soon as possible all these paintings will be in the gallery. It is not possible to show them all at one time. As I mentioned in my preliminary remarks, quite a few paintings are being moved around the country all the time on exhibition. Some of them are removed from the walls of the gallery, sent out on exhibition, others take their place and in that way the pictures are rotated at frequent intervals. In time, all of them will be on view. I am sure the hon. member would agree with this policy, because it adds interest for the viewer to find different paintings on view on different occasions when he visits the gallery.

Mr. Badanai: I should like to make a suggestion with regard to the national gallery. We have a magnificent building of which we are all very proud and it has been named after the Marquis of Lorne whose history we have heard so characteristically described by the hon. member for Kootenay West. However, Lorne building does not mean a great deal to the average visitor to Ottawa and it seems to me that the building needs a sign on the

face of it inscribed with the words "national gallery". This would in no way detract from the great fame of the former governor general of Canada and all the attributes which have been ascribed to him, for he was a genius in practically everything he undertook.

As I say, I think the average visitor passes the building without even knowing what is inside. I have met visitors to the city who have wished to visit the national gallery. I have directed them to it and told them what kind of building it was. It is easy to identify, but the difficulty is that no one knows what the Lorne building stands for. I have in mind visitors from south of the border and from coast to coast of Canada. I think we should have one large sign on Elgin street with the words "national gallery" upon it. As hon. members may be aware, the national gallery in London, England, in Trafalgar Square has written on the face of it the words "national gallery". I think we should have that name on the Lorne building—possibly two signs, one facing north and another facing east. Sufficient room is available, and my proposal could be carried out at little cost. I am sure Dr. Comfort would agree with me that the appearance of the name "national gallery" in large letters would add to the individuality of the building and to the stature of the institution. The national gallery is a shrine to which people from all over the country should come in order to see the things we have stored there. I have no objection to the painting which is relegated to some old building and which, as was pointed out by the hon. member for Kootenay West, should be carried on into the new building.

I have no objection to that at all, but I think we should have a name outside the gallery, and I would like the minister to give consideration to that suggestion.

Mrs. Fairclough: This matter is under active consideration at the present time. I agree with the hon. member, and I know the director does, too, that there should be some lettering capable of being easily distinguished, to designate the national gallery as such.

(Translation):

Mr. Pigeon: Mr. Chairman, I wish to congratulate the minister for the example her department has given by putting bilingual signs on the national gallery building.

However, if my information is correct, invitations and advertising booklets, which are quite often addressed throughout the country to some personalities and educational institutions are unilingual.

I would highly appreciate it if the director of the national gallery would consider the possibility of addressing those invitations and that literature in both languages in the future.

(Text):

Mrs. Fairclough: As far as I know, the invitations are issued in both languages. The cards have English on one side and French on the other. To my knowledge, that has always been the practice.

Mr. Grafftey: After listening to the opening remarks of the hon. lady, all of us here this evening realize we have much to be proud of in the director of our national gallery and his staff and in the national gallery itself. We also have much to be proud of in this great new building which has been discussed this afternoon. One of the things which was mentioned by the hon. lady—and it has been mentioned before in this house—was the fact that not only do we have this wonderful gallery in Ottawa, visited by so many people, but we also have travelling exhibitions in every corner of this land whose displays have been receiving great attention.

(Translation):

Mr. Chairman, I am pleased to learn that the national gallery plans to open an enlarged French section to works of art from the province of Quebec.

I am well aware that the art school in our province has acquired a substantial reputation. I am therefore very proud to notice now that the director of our national gallery intends to open to this art a larger section.

(Text):

As was mentioned by the previous speaker, this building bears the name of a distinguished Canadian governor general. As far back as 1880 the national gallery was brought into being. Sir, I remember when I was in high school—

Mr. Pickersgill: In 1880?

Mr. Grafftey: Not quite, but almost. I remember when I was in high school visiting the home of my late aunt, Prudence Heward, of whom I think I have great reason to be proud, where the Canadian group of painters often met. I remember speaking to someone at one of those group meetings who told me that back at the time of confederation, at the corner of Wellington and Bank streets, strangers might have thought they were gazing on a stable, yet appearance belied the fact that this structure really housed the supreme court. It was topped by a skylight, and through that skylight the rays of heaven were first shed on the national gallery which consisted of one small room less than 30 feet square. What a change we see today—a change which is incredible when we realize that 1867 is not so long ago, and that we are

a young nation. It is a change that is incredible when it would seem that of necessity many of our citizens were primarily preoccupied with the pioneering, economic considerations of a challenging young country. For this reason we are proud of our Canadian artists and of our gallery.

It has been said we can best judge a man by the company he keeps, and so perhaps we can judge a country in many ways by the art it produces and appreciates. Every great country the world over has produced great art in some form or other.

We know, in Canada, that most of the early painting was done by artists who had migrated from Europe and New England and, having brought with them their material outlook and national traditions, they painted the Canadian scene coloured by their previous life and training. Even the native born painters who followed soon turned to the ateliers of Europe for their guidance. But then came the now famous group of seven and a true Canadian art seemed to be taking form. At the dawn of the century the French impressionists turned the thoughts of the Canadian painter to the pictorial possibilities of his own land. After studying abroad, artists returned with vigour and enthusiasm to paint the subjects of their native provinces.

Yet, whether we are talking about these early movements—the group of seven and the subsequent association of the Canadian group of painters—or the new modern schools, be they impressionists or not, Canadian art has never been merely a vehicle for the expression of a narrow nationalism. While depicting Canada and the Canadian spirit it has always upheld the true traditions of a universal art. We know that our artists and the national gallery under its able director will continue in this work, for a truly Canadian art with universal application has a real and peaceful message for the world of today.

I have already made reference to the group of seven. More has been written about this group than any other aspect of Canadian culture. The time was ripe and they expressed the rising tide of a new national spirit. I believe it was Charles Comfort who said:

> They had just the right blend of national idealism, crusade, lyricism, audacious enterprise, and intellectual and economic independence necessary to make the movement the success it was. At the time the group of seven was preparing for its first exhibition in May of 1920, we had become a confident young nation.

In an official statement made by the group in February of 1933, it was stated, in part, that members of the group of seven have:

> —always maintained for themselves and others the right of freedom of expression, believing that only in diversity of outlook will there ever be a widespread interest in the arts of this country.

So it follows that true art only flourishes when our real democratic freedoms are truly preserved. It has been said before and I repeat it here this evening:

> The spark from heaven, who picks it up? The crowd, never. The individual, always.

Free individual expression in the arts must flourish best under our form of democratic government which is so keenly attuned to the finest aspirations of the individual.

We were told that the first world war was the war to end all wars. Many felt that promise to be an absolute truth. This notion even coloured the creative energies of our artists. They saw a colourful, ordered world key-noted with a feeling of peace and security.

The situation following world war II is different. There is a real danger to the freedom of the individual and the true spiritual democracy for which we in the west stand. The creative artist in Canada today reflects a very different sort of a world as compared with that reflected by artists in the decade after world war II. As one of the younger Canadian painters said before the royal commission on arts, letters and science in Montreal:

> Canadian painting is Canadian only by reason of being first of all painting.

Canadian painting is increasingly appreciated abroad. The admiration of the critics was aroused at the Wembley exhibition in 1924-25 and at the exposition of the Jeu de Paume in Paris in 1927. Today our young painters are being judged on the same footing as young painters from other lands.

It is true to say that it is in the field of painting that the Canadian arts are best known at home and abroad, although if I may digress very briefly I thing that even the painters must admit that Canadians have great reason to be proud—and perhaps I am being unfair in mentioning only two names—of our Maureen Forresters and Glenn Goulds.

To return to my main theme, I believe it is true to say that it is in the field of painting that the Canadian arts are best known at home and abroad. Our reputation in the arts is perhaps based mainly on our painting at this time. Certainly it has been most consistent in expressing a real spirit of Canadianism.

In its brief to the royal commission on arts, letters and science, 1949-51, the federation of Canadian artists recommended that:

> —the whole conception of the functions of the national art gallery be so revised and extended that it shall become the dynamic center of activity in the visual arts throughout the whole of Canada's urban and rural population.

The hon. lady under whose department the national gallery comes has pretty well guaranteed us that, under the able direction of the director, this is becoming, bit by bit, a real fact.

The gallery supports and encourages many travelling exhibitions, as in the past. Its services, as has been said, extend into every corner of the nation. While located in Ottawa, as I said before, the gallery is performing a valuable service across the breadth and width of this land. For that reason I could not resist the temptation of taking up the time of the committee while I congratulated the minister and the gallery on the magnificent task they are performing in Canada today. As my friend the hon. member for Bonavista-Twillingate so aptly put it, "Not by bread alone do we exist".

Mr. Fisher: After hearing that deeply lyrical tribute to Canadian arts I think we all appreciate and understand why the Prime Minister, whenever he has to make a speech relating to this field, takes the trouble to consult the hon. member for Brome-Missisquoi.

It is not my intention to be lyrical at all.

An hon. Member: The hon. gentleman could not be.

Mr. Fisher: I want to know how much money has been spent on taking art exhibitions to smaller centres. I know there have been exhibits in larger centres but I am interested in communities with a population of less than 50,000. How many exhibitions went out and what is the estimate of the number of people who saw them last year? I should also like to know what are the plans for extending this service.

Mrs. Fairclough: In reply to the hon. gentleman let me say that we do not have the figures of attendance for specific places. We have a record of the travelling exhibitions and an estimate would be that they have been viewed by about 250,000 people in all but what the number would be for each place I could not say.

I believe I can tell the hon. member where these exhibitions were held, but I may not be able to pick out the communities with a population of less than 50,000. As a matter of fact, one of the difficulties in this regard is that the gallery must be careful in sending out exhibitions to ensure that the paintings will be properly protected. These exhibitions cannot be housed in buildings which are not reasonably fireproof, nor can they be displayed under circumstances where proper protection cannot be afforded. This would be one of the reasons why some of the smaller centres could not benefit from these displays from time to time.

Some of the places which might fall into the category about which the hon. member asks are Brantford, Peterborough and Brandon. Etobicoke, of course, is part of metropolitan Toronto; I suppose it is a separate municipality. Islington, again the same would apply there.

Mr. Fisher: Perhaps the minister would let me make my point in regard to this. Over the years the national film board has developed a type of field service that takes its offerings out to the people. It is not an excellent parallel, but they do get their films out to the ordinary people in the smaller places. They have coverage mapped out. One cannot get any conception at all from the hon. lady's estimates of the national gallery of Canada, as to the number of people who are doing this job of distributing and making exhibits. I know that in eastern Ontario a couple of art circles have been built up and I think especially of one that revolves around Queen's University into which exhibits of the national gallery can dovetail or fit. I insist—and I have got the parochial northwestern Ontario view of this—that the national gallery does not mean a thing in the main except for illustrations for history books and that sort of thing until there are exhibits in that part of the country. I should like to see some indication from the estimates that there is some plan to expand and develop those services. I do not feel too sorry for the people in Brantford or Etobicoke if they cannot get to national gallery exhibits because they can go to a good art gallery in Toronto. They can go to museums there. This does not apply to people in the hinterland, in the district areas. I cannot see why this area should not demand service. There are countless members in this house who are demanding that the C.B.C. get out and provide national television coverage for everybody in the country. The hon. member for Churchill is an example of this. The hon. member for Kenora-Rainy River has the same feeling.

If we are to have national cultural agencies, surely they must keep before them, as we are insisting the C.B.C. does, the conception of national service. It is very hard for a musuem or gallery, oriented to Ottawa and to development here, to keep this in front of them especially when they have a magnificent plant and a big establishment. What I should like to suggest to the minister and to the director of the gallery is that fewer than one half of 1 per cent of my constituents will ever come to Ottawa. The distance is from

800 to 1,000 miles and in a situation such as this I think these cultural effects have to go to the people.

I have said this before in connection with both the museum and the art gallery and I should like to underline it again. I ask the hon. lady whether she can just indicate to us how many people in the national gallery are directly involved in what you might call field service, and what are the plans for improving and expanding it?

Mrs. Fairclough: In answer to the last question, there are seven persons at the gallery and two in the field. I might tell the hon. member that in the current estimates we have an item which will cover charges for designing special exhibits for the exhibition extension service to cover the very point that he raises, namely that of making exhibitions available to smaller centres.

I think he was quite right in what he said. It is a matter that is getting the attention of the director and his staff, and we propose to follow this course and gradually expand the extension service to the point where these exhibits may be made available to the smaller communities to a greater extent than they have been heretofore.

I might just say to the hon. member I do not believe that you can actually compare an exhibition of paintings with the showing of films, because for one thing the handling is entirely different and display is on a different basis. Security is also on a different basis. Almost every aspect of service is different in the two fields. I am sure the hon. member would not want to place valuable paintings, particularly those which cannot be replaced, in jeopardy, as they undoubtedly would be in some centres. This is the reason why this whole field is being explored and why we are asking in the current estimates for an amount for this specific purpose.

Mr. Fisher: In this matter of field service, the national film board has expanded its service by putting people out in the field to exploit the field and build up connections so that they know the people who can look after projectors and that sort of thing. They train them; they develop them. They know that right across the country there are people who are interested in developing films. If the national gallery is not prepared to do this I do not know who else can do it. If you have only two field officers in all of Canada, that is a rather petty figure to carry out this chore. I happen to know one of them personally. I know the very good work she does, but how can she possibly cope with and look after this tremendous area in other than a hit-or-miss way? It is just impossible to cover all the settlers from the lakehead to the west coast, let us say, who would appreciate art exhibits. I know the Toronto art gallery, for example, tries to co-operate very much. As a matter of fact, I would suggest that the Toronto art gallery is really doing a chore in Ontario in this particular field that the national gallery should be doing.

In closing, I should like to suggest to the minister that next year a number of us from the smaller places would be delighted to hear that this phase of the gallery's activities had been boosted immensely.

Mr. Macdonnell: Mr. Chairman, I just wish to make one or two brief comments. I think we ought to be grateful to the hon. member for Kootenay West for bringing to our attention the matters that he did tonight. This is not the first time that we are indebted to his diligent and exploring mind. I was very interested to hear what he had to say about the Marquis of Lorne, though it is very difficult for a Macdonnell to be fair to the memory of a Campbell after the unfortunate incident at Glencoe, but I think we should try to be magnanimous in these matters.

I was very interested in the suggestion he made and also in the suggestion made by the hon. member for Port Arthur as to the importance of making available to the public the treasures which we have. If anyone has any doubt as to the importance which art, painting and literature should occupy in human life let us remind ourselves that that peerless leader of men, Churchill, in the midst of war, and all the other things which he was doing, found time both for writing and painting.

I should like to say one more thing with reference to the pictures of world war II which I understand are available. To those of us whose memories go back to world war I, it is always, I think, a satisfying experience to go to the Senate chamber where those fine murals recalling the first world war are available. I do not know whether we have anything similar with regard to the second world war, but I would suggest with deference that after all that was one of the great periods of our national life when life was lived at its intensest. I do suggest that there ought to be somewhere available, not 10 or 20 years from now, the best records which we have of those days which we all remember very well.

Mr. Brunsden: Mr. Chairman, this discussion has revolved around art. Unlike my friend from Kootenay West, I have no knowledge of nudes; I know very little about the Marquis of Lorne. Perhaps what I am about

to say may be slightly out of the purview of the debate. If it is, I ask for indulgence. The wisdom of the ages, sir—and the hon. member for Greenwood touched on this in his reference to that great Englishman, Sir Winston Churchill and his paintings and writings. The wisdom of the ages is before us in words, and I am deeply concerned with the creation of a real national library. It was my impression some time ago that there were two countries in the world without a national library, Canada and Ghana. I learned later that Ghana had a national library and I was informed that there were the rudiments of a national library in Canada.

The Chairman: Order. May I suggest to the hon. member that his remarks will be more appropriate under vote 319 which has to do with the public archives and national library.

Mr. Brunsden: Thank you, sir.

Mr. McGee: Mr. Chairman, I am sorry I did not hear the remarks of the hon. member for Bonavista-Twillingate and the hon. member for Kootenay West and perhaps I may refer to matters they have already raised. I also regret very much that I did not hear the earlier part of the speech of the hon. member for Brome-Missisquoi.

It is not very often that I have occasion to quarrel with the hon. member for Greenwood either philosphically or with respect to the very profound and valuable contributions he makes to the house, but I am afraid we part company on the subject of the murals in the Senate. I have the greatest respect for those persons, the hon. member particularly, who served in the first world war. Several of my uncles are buried in France as a result of that conflict. I understand that the murals in the other place are the result of the generosity of a wealthy Canadian and I sometimes find myself wondering whether what goes on in the other place is perhaps essentially none of our business in the House of Commons. However, occasionally our duty requires us to visit there, and I must confess that I am deeply unimpressed by the particular art form to be seen there.

I understand that these murals were painted and presented immediately after the first world war and the further coincidence of the burning of the parliament buildings. I do not know whether it is the business of the minister or the gallery, but I should like to offer the suggestion that consideration might be given to having something in the form of murals in the other place that would be more representative of Canada. Canada existed before the first world war and has continued to exist since. Great events have occurred in every area of our national life, and to devote the entire space there simply to murals of the first world war seems to me, quite apart from my own artistic evaluation of them, something that might be reconsidered. Procedures in the other place are not the most mobile in the world and if we start now, perhaps by the time some of us are old enough to qualify, something may have happened in the interval.

I am concerned about the national gallery. I had occasion to visit the gallery last session during the noon hour in response to the notices which are sent to members, for which I personally am very grateful. I was impressed with the calibre and standard of the Van Gogh exhibit particularly, but there is something that has always concerned me about the gallery. I refer to the hours that the gallery is open. The population of Ottawa is made up largely of civil servants and those whose activities relate in a very important way to the civil service. If we are to stay within the framework of an eight hour day, it seems to me some consideration should be given to shortening the hours the gallery is open during the early part of the day and extending the time for viewing in the evening.

As far as the people of Ottawa are concerned, by opening the gallery when people go to work and having it closed when people are free to go and visit the gallery it seems to me that in a sense we are defeating the purpose of the gallery. I suggest that some consideration be given to staggering the hours so that people generally in Ottawa will be able to visit the gallery in the evening.

In the township of North York, in my constituency, exhibitions are held at the North York library from time to time. I participated in the opening of one exhibition which was a one man show by Fred Varley. This grand old man of Canadian art was there in person, and as full of life and personality as his paintings. In connection with the exhibition, films of the life of Varley made by the national film board were shown in another part of the library building.

I have suggested in the house before that particularly when the house is not sitting, films such as "The Sceptre and the Mace" should be shown in the parliament buildings on a continuous basis for the benefit of tourists. It seems to me this is something that might be done at the national gallery as well and if it were combined with evening shows at the gallery couples with their children could spend a few hours not only viewing the paintings on display but also finds films related to the exhibits. The national film board has some excellent films dealing

with all of the members of the group of seven and several other prominent Canadian artists since that time.

I am suggesting two things, that we think about changing the hours and also combining films with the exhibits. I do not think it would take too much imagination to bring this about. I am sure there are documentary films available from other countries, and again I am thinking of the Van Gogh exhibit. There must be films available dealing with his life that could be obtained and used. It seems to me the most important thing is to take full advantage of the national gallery and to have it open for a longer period during the evening.

I asked this delicate question last year and it was not answered. I hope I do a little better this year. I should like to know two things. I should like to know how the restaurant is doing in terms of profit or loss. I have never managed to eat there but I have been in the area on two occasions during the noon hour and the restaurant seemed to be well filled. If it is not doing too well, as I suspect it is not, I wonder whether any thought has been given to reconsidering the original director's suggestion that there should be a cocktail lounge in connection with the restaurant. I understand from some of my friends in this restaurant business that one way to guarantee putting the operation on a profitable basis, and improving the quality of food, is to combine a cocktail lounge with the restaurant. I should like the minister to enlighten me on these aspects of the situation.

Mr. Pickersgill: Before the minister speaks, I should like to make one or two comments which will save her making an extra speech. In the first place, I am sorry the hon. member for Kootenay West is temporarily absent from the chamber because I wanted to take the strongest possible exception to his definition of a unionist. He does not seem to realize that unionists were Liberals, and the extraordinary definition that he conjured out of the air tonight was not really one of his major contributions to history but rather, I would say, to fancy.

I should also like to tell the hon. member for York-Scarborough that once before there was a politician who suggested that those first world war murals be taken out of the Senate and he is no longer in public life.

While I am not seeking to go into any of the circumstances and to ask the hon. lady to take action in connection with them because what has happened has happened, I want to express my very great regret at the resignation and severance of his connection with the national gallery of Mr. Donald Buchanan. Mr. Donald Buchanan, in my opinion, has contributed as much to the development of the appreciation of the arts as has any living Canadian, bar none. Prior to that time, in his connection with the C.B.C., he did more than did any other single person to develop the Canadian tradition of controversial broadcasting on a fair and reasonable basis. That is another thing that I think was worked out almost uniquely in this country, almost before it was worked out anywhere else. He happens to be an old personal friend but I am not saying this on that account. To me, he is one of the Canadians who has made a contribution to our cultural life that is almost unique. I hope that he, having severed his connection with the gallery, does not intend to sever his connection with Canada and that he will find some other useful field into which he can direct his great energies and his sensitive appreciation of those things which I think all too many of us do not appreciate enough.

I should also like to make one observation —and perhaps the minister would like to extend this a bit—about what the hon. member for Port Arthur said. I happen to be one of those Canadians who, quite a long time ago now, first became interested in Canadian pictures not because of what was done by the art gallery of Toronto or by any other institution but because of the wonderful reproductions which over the years have been made available to the Canadian public at extremely low cost indeed, and which have been promoted fairly actively by the national gallery. Although it is true that there are grave difficulties and no one should underestimate them; we have seen what happens to pictures even in the art gallery of Toronto and in some other places, for example recently in Vancouver. The safety of the originals must be the first consideration because these pictures are extremely valuable. However, by the use of reproductions and, as the hon. member for York-Scarborough said a moment ago, by the use of films and that sort of thing, there is a possibility of doing something. Seeing reproductions is not as good, I admit, as being able to see the originals but it is a fairly good substitute; for the beginner, I think in many ways it is almost better than the original. This kind of service can be made available, in the case of reproductions, to any place that has a post office and in the case of films, to any place in which electricity in any of its varied forms of production can be made available.

Finally, may I say that I think it would be useful if the hon. lady would clear up all this mass of rumour that has been going on for the last six months or so about whether the new empire builder in the government, namely the Minister of Trade and Commerce,

has gobbled up the design centre and has pushed the hon. lady out into the cold. I think it is about time that the government came clean and told parliament just what the score is, who is responsible for the design centre, and who must argue for it before treasury board. I have no doubt whatever that the Minister of Trade and Commerce, if he even has his toe in the door, will take all the credit. But if the hon. lady has the responsibility, I would rather see her get it, I may say quite frankly.

I thought I understood her to say that the north gallery, the one facing Albert street and formerly employed for the exposition of design projects, was to provide additional space for paintings. Therefore, we should like to know where the exhibits of the design centre are going to be.

Mrs. Fairclough: First of all, I should like to say that we all regret, as the hon. member for Bonavista-Twillingate has said, that Mr. Buchanan has severed his connection with the gallery. We agree with everything he has said in that regard. However, Mr. Buchanan has chosen to live in Europe and to continue his interest in creative writing. We hope that this will not be a permanent separation from Canada, but it is a matter of his own choice and something over which we have no control.

With reference to the industrial design centre, may I say this? It is true that it has been transferred from the national gallery to the Department of Trade and Commerce, where I understand it will be set up under slightly different circumstances, but that is a matter for the Minister of Trade and Commerce to explain to the house.

I should like to tell the hon. member for York-Scarborough that the national gallery is open every day except Christmas day. It is open each day from ten o'clock a.m. to six o'clock p.m. On Tuesdays it is open right through until ten o'clock p.m. Films are shown in the theatre there every Saturday and on some Tuesday evenings. The extension of these services, of course, is dependent to a large degree on the utilization of the service and on the funds which we can acquire for an expansion program.

Mr. Pitman: I should like to go back to this problem which the hon. member for Port Arthur raised. If we are going to have a national gallery, it must be very much national in interest. I certainly appreciate the opinion of the hon. lady that sending originals to small places is a great risk indeed. In fact, I know of one librarian who loses a great deal of sleep when one of these exhibits turns up at his particular establishment. It is a tremendous responsibility and the problems of fire and theft are very great indeed. I wonder whether the answer does not lie in what the hon. member for Bonavista-Twillingate suggested. The printing processes today are getting better than they were in the past. I think you get a clarity and depth and colour through these printing processes which are almost as accurate as the originals. Possibly you could send exhibitions of these prints throughout Canada. I think we can only really gain an appreciation of art perhaps at a very early stage in our development.

I wonder whether the minister would think over the possibilities of gathering together kits of paintings—for instance of the Kane paintings, Canadian historical paintings or renaissance paintings and sending them to schools. Perhaps this has already been started. I know the prints which are on sale at the national gallery are excellent indeed. I think this is an area in which the national gallery could perhaps expand its services. I am sure that it would receive the support of a great many members of this house who represent smaller centres. With these few remarks I think I should like to place my vote—and possibly join the hon. member for York-Scarborough in political oblivion—against those murals in the Senate as well.

Mr. Winch: Mr. Chairman, art is something about which I know absolutely nothing. Therefore I must speak on it.

An hon. Member: Go right ahead.

Mr. Winch: When I say that, I do not say it in any boastful manner at all. I am sorry that I just happen to be one of those individuals who, in music are tone deaf and for whom art does not do anything at all, even though I have visited some of the finest art galleries of the world. I know that I am one of the few who are just not affected by art and who do not understand it. However, the majority enjoy it. Therefore I certainly want to add my words to those of other hon. members with regard to the possibility of getting more of the benefits of the national gallery to far more of the people of Canada. I think it is a shame that we should have valuable paintings in storage when there are so many people across Canada who would like to see them and to enjoy them. I say they will. My greatest experience with an art gallery was in connection with the Vancouver art gallery at the time of the sit-down strike, when they put us out of there with tear-gas bombs. Maybe that is why I am not too fond of art.

An hon. Member: Art made you cry?

Mr. Winch: Art really made me cry that day, and I don't mean maybe.

An hon. Member: Apparently it did not hurt you.

Mr. Winch: It did not hurt me at all when it came to getting votes, if that is what you mean. The main reason for these remarks, Mr. Chairman, is the information we have received that the pictures of the first world war are still in storage.

It was a great experience for me a year and a half ago in Australia when I visited their most famous war memorials. We found that in the cities of Melbourne and Canberra the major attraction to the people living in those cities, and to visitors, was the war memorials and the fact that they were built around a graphic study of pictures showing what the first world war was actually like and what the conditions actually were.

The reaction of the young people in particular, when they saw these pictures of what their fathers and relatives had to go through at that time not only gave them a thirst for knowledge of the first world war and of their ancestors, but it also illustrated to them the horrors of war and gave them the determination that we must not have another one.

I have not, of course, seen these pictures which are in storage in Ottawa, but after hearing the comments in Canberra and Melbourne I think it would be not only in the interests of education in art and history, but an indication that we should not repeat in the future something that happened in the past. I am sure this would be the reaction if these paintings were assembled and put on display on a basis similar to that in Australia. They would be an education in art, history and in the horrors of war. I certainly hope that if this has not been thought of in the past by the minister and the director of the national art gallery that they will now give some thought to it. There is a threefold value to be gained by this type of picture of the first world war.

Mrs. Fairclough: Mr. Chairman, I invite the hon. member for Vancouver East to visit the sixth floor of the national gallery, where the paintings of the first world war are on continuous exhibition and are being rotated all the time.

We have more of these paintings than we can hang at one time. There is a continuous exhibition on the sixth floor of the national gallery.

Mr. Winch: I know, but my idea was to have all these pictures properly planned and on display at all times, as they are in Melbourne. People take the entire day just going around from one picture to the other, and it is a real education.

Mrs. Fairclough: I am sorry; we have not the space to do that.

Mr. McGee: Mr. Chairman, in view of the remarks of the hon. member for Bonavista-Twillingate concerning political oblivion I should just like to make this comment, that if after some of the speeches I have heard him make in this House of Commons he did not commit himself to political oblivion years ago, I am not too worried about the remarks I made concerning the Senate.

This occurred to me on reflection after the minister's reply. There was another world war and we all profoundly hope it will turn out to be the last world war, with the emphasis on the "last". If the Senate is somehow wedded to this warlike atmosphere perhaps some thought might be given to the gallery commissioning some artists who still have vivid recollections of the last world war. I refer to people like Hindman and others who were commissioned by the services during the war to paint some murals. These might alternate on the walls of the Senate. They seem to spend money doing some odd things over there. I have noticed that they seem to be involved in painting their names on the ceiling of the foyer. This is an interesting occupation, but I think this idea of commissioning artists to paint second world war scenes might be considered.

With regard to the minister's reply concerning the hours of opening of the national gallery, if I understood her correctly it works out to one evening a week, Tuesday. I think this is a good thing. I was not aware of this. In view of the fact that the house is sitting and most of us are here, perhaps we would not get an opportunity to go over there on Tuesday evenings. It might be a good thing to extend the hours of opening to at least one more evening. The minister also mentioned that films are shown on Saturday afternoons. I would suggest that these films be also shown during the evening sessions.

As I mentioned in my previous remarks, I did not receive an answer last year to my question about the restaurant. I am serious in this regard. I should like to know the financial situation of the restaurant, whether it is making or losing money. I should also like to know what is the position with regard to Alan Jarvis' idea of a cocktail lounge. I did not receive an answer to these questions last year or this evening.

Mrs. Fairclough: I did overlook the question of the restaurant when I replied to the hon. member. But this is not the responsibility of the gallery; it is a concession which is handled between the Department of Public Works and the Canadian National Institute for the Blind.

Mr. Martin (Essex East): Mr. Chairman, I am sure the minister will welcome this general discussion in support of this particular vote. A nation is possibly, in this secular world of ours, more often characterized by contemporaries by achievement in the industrial, commercial and secular fields, but not always in the judgment of history. In connection with those things of the spirit, heart and mind a nation is likely to be judged with more cogency than by any other form of endeavour.

By our interest in art, music, education and in these general areas of intellectual activity, we will be possibly judged in the future more than by our material achievements. Therefore I think it is well that when the inspiration comes we should join in expressing our views, immature obviously as some of them have been thus far, on these matters that have such great significance.

When I speak of immaturity of course I do not in this particular have in mind the minister herself. I do not wish anyone to think that because the hon. member for Bonavista-Twillingate and I are associated in support of the same political ideology we are fully in accord with all aspects of our national life. I do not wish to assert that in this particular he does not enjoy preeminence over me both in terms of experience and authority. But I should like it to be known that he is not the only one in this party—and I say this by way of no reflection on him and his attainments—who is interested in this matter.

Mr. Pickersgill: I have never claimed to be the only egghead.

Mr. Martin (Essex East): My hon. friend says he is not the only egghead, and I would be the last to claim that distinction. I simply wish him to know—and I say this in the friendliest manner to a colleague—that there are others who have their views about the desirability of furthering an interest in Canadian painting and Canadian culture.

We all recognize the hon. gentleman to be pre-eminent in that field. I do not want him to think I am in any way taking away from his grandeur or the high priority that he has in that regard. I agree with him, however, in what he said about Mr. Donald Buchanan. Mr. Buchanan, was a contemporary of mine at the university. That gentleman has made a contribution, first of all to the gallery, to the design centre, and of course through his writings—his two books —particularly to Canadian painting and to an appreciation of art itself. His books on Morrice and on Canadian painting stamp him as a man of very great cultivation. I would hope that his sojourn outside the country at this time may be temporary, so that he may return to Canada and continue the contribution which undoubtedly, as the hon. member for Bonavista-Twillingate has said, he has made to this country and to Canadian painting, and to the appreciation of art generally.

He is not, of course, the only one who has made a contribution. I think we should in this national forum, this national parliament, recognize the contributions made by some other Canadians. It is dangerous to mention any Canadian in particular for fear of overlooking others who have also made contributions. However I think it is proper to remember the interest taken by the former governor general, Mr. Massey, both as a director of the national gallery and as one who has the direction of the Massey foundation. The accomplishments of Hart House and the rich contribution which Hart House has made to Canadian painting are largely the result of his imagination and initiative.

There are others like Mr. John Macauley of Winnipeg, one of the notable collectors, I believe of painting in Canada—not only Canadian paintings, but the works of some of the acknowledged masters. Mr. Macauley's service as a director of the national gallery was, I think, a distinguished contribution in this field. I think it deserves to be mentioned.

Mr. Pickersgill: Is.

Mr. Martin (Essex East): He is still a director? I am glad to know that. I thought he had retired about a year ago. I am sure the director of the gallery and the minister would acknowledge at once the contribution he has made and continues to make. There are others like the late Mr. Southam, Mr. Percy Fell and many others who, perhaps, unnoticed by many of us have added to our enrichment by their interest and by their unselfish devotion to the direction of the national gallery. I agree with the hon. member for Bonavista-Twillingate—and I seem increasingly more to establish the fact that I am more in agreement with him than in disagreement— I agree with him that the reproduction of some of the Canadian paintings, in particular those which have been distributed throughout our libraries, throughout our schools, and right in this building in the offices of many members of parliament serve a most desirable purpose.

By the way, I think we owe to the late Mr. Claxton much of the inspiration for the distribution of these reproductions. I well remember first going into Mr. Claxton's home in Montreal about 20 years ago and seeing there, I think, the strongest collection of Canadian paintings I had ever seen in any

one home, except, possibly in that of Canada's former governor general. Mr. Claxton took a great interest in Canadian painting. This was only one facet of his great life. He, in his way, inspired many people to appreciate the value of the work of Canadian artists.

The value of these reproductions, however, lies not only in their quality, but in bringing to many thousands of people in this country who are denied the opportunity of visiting galleries, either provincial or national, an acquaintanceship with some of the work of many of our Canadian artists whose original paintings are to be found in the national gallery or in some of the provincial galleries. I well remember once visiting Mr. Henderson in Qu'Appelle, one of those Canadian artists who has perhaps done as much as any other western artist in portraying, particularly, the Qu'Appelle valley and, possibly, to a lesser extent the prairies. I believe three of his paintings are now to be found in the national gallery. I remember his telling me how much he appreciated the initiative taken by Mr. Claxton in seeing to it that two of his paintings were reproduced. He showed me one of them, and the satisfaction which was visible on Mr. Henderson's face justifies my recounting this incident tonight in the hope that this work of reproduction will be continued.

As I say, the value is not so much in the quality of the reproduction, as in that it affords to many Canadians an opportunity of seeing something of these works. This suggests to my mind that there is a strong argument not only for providing reproductions of valuable Canadian paintings, but for seeing to it that there are also reproductions of other paintings. Painting, like poetry, is something which has a national touch about it. But surely, also, it is something which extends across national boundaries. The Canadian interest in painting should not be confined to Canadian painting. It should extend to the works of all artists—the men and women great and small, who have put the consequences of their imagination on canvas—the great painters, the great classicists.

These works, too, should be appreciated and known, and the opportunity for doing so should be afforded. These, too, should be seen by Canadians. I would hope that the suggestion made by the hon. member for Vancouver East might be acted upon, perhaps to a greater extent than is now the case. It may be difficult to provide for mobile exhibitions of some particular paintings, but it should not be difficult to provide for Canadians to see in their local galleries some of the paintings we have here in the national gallery. I do not know what the technical difficulties are, but we now have springing up in Canada in many communities, where a decade ago there were no local galleries at all, galleries and strong local groups themselves engaged in painting and in encouraging the establishment and maintenance of local galleries. I have in mind, for instance, my own community, the city of Windsor, an industrial city, where we have at Willistead, an art gallery in the Willistead library—a very fine local gallery. I should like to pay tribute tonight to the men and women connected with that gallery who have done so much to acquaint the citizens of my city and my county with the value of Canadian painting and of painting generally.

The other day I attended an exhibition in that gallery, an exhibition of paintings executed by citizens of Essex county. It was indeed a revelation to me, as I am sure it was to many others. I suggest to the minister and the director that there is a magnificent opportunity to demonstrate not only to Canadians in my part of the country, but to citizens of the United States across the Detroit river, the high standard of Canadian painting, through exhibiting Canadian works of art in the Willistead gallery.

In the city of Detroit there is a very fine municipal gallery, the Detroit institute of arts, but as one who frequents that gallery from time to time, I cannot recall that there are any Canadian paintings displayed there. I am sure that if the Willistead gallery were adequately stocked with Canadian paintings these would be viewed not only by Canadians living on the Canadian side but by people from the United States living across the Detroit river. The admirable work being done by the Detroit institute of arts could be supplemented by the work of the Willistead gallery, in the sense I have indicated, by providing an increased opportunity of exhibiting Canadian paintings in the Willistead gallery.

I wish to join with the hon. member for Bonavista-Twillingate in another submission he made. Here again I am expressing agreement, not disagreement, as I indicated I was about to do when I began these cursory remarks. I agree with the hon. member for Bonavista-Twillingate that the Minister of Trade and Commerce, that vigorous and dynamic personality, must not be allowed to push the Minister of Citizenship and Immigration out of the design centre. The design centre was never intended for the Minister of Trade and Commerce.

The hon. member for Bonavista-Twillingate and I, and I am sure the hon. member for Greenwood and the hon. member for York-Scarborough and all the other great intellectual precursors in this committee, will

gather behind the Minister of Citizenship and Immigration in resisting the philistines, like the Minister of Justice and others, who seek to invade territory which under the law as it now exists was intended to come under the jurisdiction of the Minister of Citizenship and Immigration. To say that the design centre—

Mr. Grafftey: There is no such design.

Mr. Martin (Essex East): Mr. Chairman, I must take this occasion to enlist the co-operation—and this is the first occasion on which I have done so—of the hon. member for Brome-Missisquoi, who sits on the opposite side of the chamber this evening, because I am sure the hon. member wants to fully appreciate the significance of the quality which now attends this intellectual dissertation.

I feel there is nothing further I can usefully add with respect to this matter except to say this. Our country, like every other country, will be judged not by its material achievements alone, but by achievements in writing, in painting and in the appreciation of those things that do move men and nations and mould the character of peoples. It is because I believe that to be the case that I join with the hon. member for Bonavista-Twillingate, who in his brilliant exposition of Canadian painting tonight, has inspired me into supporting at least this one vote put forward by the present government.

Mr. Henderson: Mr. Chairman—

Some hon. Members: Oh, oh.

Mr. Pickersgill: We are hearing from all the eggheads.

Mr. Henderson: Mr. Chairman, I thoroughly enjoyed the oration this evening of that famous friend of agriculture and of labour who apparently spends his time visiting in the homes of millionaires viewing their art collections. I come from way out in the jungle, Dawson Creek to be exact. I wonder if the hon. gentleman would care to make an arrangement with some of these wonderful friends of his who have these paintings to send an exhibit of painting up to Dawson Creek?

Mr. Martin (Essex East): I will certainly do my best.

Mr. Small: Mr. Chairman, I would consider myself fortunate indeed this evening if I were able to get on at this end of the program. I can only offer up a very fervent prayer at this juncture that I am not included in the galaxy of hon. members to whom the hon. member for Essex East referred in his wonderful remarks.

[Mr. Martin (Essex East).]

I sat here while the hon. gentleman spoke, wondering if the hon. gentleman's latest canonization has gone to his head because he was waxing so eloquent, especially when he was defending his colleague the hon. member for Bonavista-Twillingate.

I was highly impressed by the remarks made by the hon. member for Bonavista-Twillingate when he opened the debate. The hon. gentleman started off on a very high and esoteric plane and the debate was carried on in this vein by the hon. member for Kootenay West. I thought it was simply remarkable.

The hon. gentleman started off by saying that he was most impressed by this wonderful new building which houses the national art gallery, the Lorne building. He explained how he looked out of his office and envisaged the genius of the architects who had brought forth this magnificent new structure which was going to go down in history as a monument to the Liberal regime which got the vision.

I continued to listen the hon. member for Kootenay West who gave a very graphic description which held us all entranced. It was then revealed that the new building is going to be occupied by the national art gallery only temporarily and the actual national art gallery is going to be located somewhere else. At that moment the vision began to fade and grow dim.

The hon. gentleman then went on to say that the building was named after the Marquis of Lorne, a former governor general. On the basis of his description it might well have been named after the marquis of forlorn because this magificent new building is to become very forlorn when the art gallery is moved and placed somewhere else. We have learned that the national gallery is going to be moved and it will also be forlorn in its new location because apparently it is going to be put out where no one will go out and visit it.

One interesting fact that came to light during the debate was that attendance at the national gallery has been simply phenomenal, that the attendance grew from practically nothing to an astounding figure. I believe the obvious explanation is that the national gallery is now located in the right place. It is easily accessible and many people are able to visit it.

Before too long others will probably have a vision of the new art gallery which they will put on paper so all of us can see it. I hope they will bear in mind the fact that the building should be centrally located so that it will be readily accessible.

The hon. member for Fort William was also very forlorn because the present national

art gallery does not have a sign. As I listened to the hon. member I could not help but wonder what was the matter with the people in the sign business in Ottawa. I wondered why they had not got busy long ago and sold a sign to the national art gallery to identify it.

The hon. member said that he is forlorn because no one is going to visit the gallery. Who are we to believe? We have been told by one hon. member that the attendance has been magnificent and outstanding and could not have been better, and by another member that no one attended.

The hon. member for Kootenay West went on to say that instead of looking at the magnificent picture of the Marquis of Lorne the people moved over to examine a picture of a nude. The hon. gentleman was not standing in front of the picture of the Marquis but to the side. I suppose he was trying to get a side view of the nude.

This brought to my mind the fact that in the thirties *Esquire* magazine published some highly amusing cartoons. I recall seeing one depicting three paintings in an art gallery which told a story somewhat the reverse of the one told by the hon. member. One painting was of a nude, one was a somewhat dismal and flat landscape and the third was a rather dull still-life with flowers, and fruit on a plate. Where do you think the crowd had gathered? They had gathered in front of the landscape, and apparently the nude did not interest them at all. Apparently remarkable things happen in art galleries. However, I should like to say that the remarks made by the hon. member for Port Arthur and the hon. members for Peterborough and Scarborough were apropos. The hon. member for Vancouver East made a pertinent point which should be taken into consideration. With respect to the pictures in the Senate, the only reason I can give for their being there is that probably that is the only place large enough to hang them. Now that we have a new gallery perhaps we will find a place for them.

Let us get back to the matter of the art gallery. Mention was made tonight of how Canadian art came to life in the 1920's. It really came to the notice of the people of Canada because the artists of that day, called the magnificent group of seven, transmitted to canvas the rugged vigorous nature of Canada that no one else had been able to capture or surpass. They will go down in history. Some day you will find their paintings in the United States galleries and in other galleries throughout the world, and eventually those paintings will become highly valued and much wanted in the world's great art galleries. The only trouble is there will not be enough of them to go around. If there are not enough to go around, we can supply them with the abstract art or modern art.

On every occasion that I get an opportunity I visit the Toronto art gallery. They come up with some wonderful exhibits. Recently they had an exhibition of pictures by John Sargent. They also have some wonderful pictures on exhibition painted by Hals, Raeburn, Rembrandt and Van Dyck. Afterwards I went around and looked into the other rooms of the gallery where they have those abstracts. Of course, I am sure that the national gallery here has in its basement or someplace else carloads of these things that they would like to have taken away to the dump if they could get somebody to do it. Well, I generally have a look at these abstract canvases. I think it was Sir Winston Churchill who said when he was going to paint: "Think of an innocent, nice, beautiful piece of canvas that is going to suffer the desecration that we people put on it!" I look at these abstracts and I see what mental aberrations have been transmitted to canvas. Sometimes I wonder whether they have been smoking marijuana cigarettes or whether they have given themselves a jab in the arm with cocaine, or whether it is just mental torment or the remains of delirium tremens that they put on canvas. There they are. You make your decision, and then to get a lift you go back to the art gallery and look at the beautiful pictures that have come down from the middle ages, and you say to yourself, "What wonderful artists they were". Then we have to put up with this tripe called modern art that we see on the walls of art galleries.

After listening to what was said by the minister and by the hon. member for Bonavista-Twillingate, I thought what a wonderful picture we have now. We have the right building in the right place. We have the right director at the right time in the right place. Then I realized that it was only an illusion that we have not the right building in the right place. We have some other kind of building in the right place, but we do have the right director at the right time and we have to be thankful for that. I am going to leave this with hon. members tonight because I get tired trying to figure out the position of the members of the Liberal party. They argue between themselves as to who is going to get the honour for the emanation of this magnificent building, the admiration of the Liberal party. In the future we will get a good national gallery for the city of Ottawa, and it will be the vision of the Conservative party as usual.

Mr. Fisher: Mr. Chairman, I just wanted to give an explanation perhaps to the hon.

member who has just spoken as to the magnificent attendance, and I was going to bring this up when we were listening to one of the doyens of the house, the hon. member for Essex East, discoursing on his appreciation of art from an intellectual point of view. The explanation, I would take it, as perhaps the hon. member for Essex East would give it, lies in this. Ottawa in the main, seems to be a Liberal city in so far as votes are concerned. One of the gentlemen to whom the hon. member was referring made this statement two years ago, that the Tories never did give a damn about art. If you reverse this to a certain degree, I think you perhaps have an explanation of a kind as to why the gallery is so popular in the city of Ottawa. But I do want to pass the information to the hon. member for York-Scarborough that there were a great number of painters out doing war painting in world war II. I do not know where the paintings are but they were out in the various units. Several were in the line. I remember one in our regiment. We were always looking at what he was painting. In Holland he was painting a bridge called Moerjsdik. It was the dullest painting I have ever encountered. I cannot say much about the man. He may not have been much of an artist but he was very capable in a game called stook, a western game. He exhibited great artistry in covering his hole card. At this he was very good.

Mr. Pickersgill: I do not think the hon. lady has ever given an answer about the design centre, and that was a serious question.

Mrs. Fairclough: Yes, I did. My hon. friend was busy talking to his colleague and he did not hear it. He can read it in *Hansard*.

Mr. Pickersgill: It must have been a very short answer. Perhaps the hon. lady can say whether the estimates for the design centre are still under her control and where the design centre is.

Mrs. Fairclough: The estimates for the design centre are in the Department of Trade and Commerce.

Mr. Pickersgill: Where is the design centre going to be?

Mrs. Fairclough: I think the hon. member will have to ask the Minister of Trade and Commerce.

Item agreed to.

254. Payment to the national gallery purchase account for the purpose of acquiring works of art in conformity with section 8 of the National Gallery Act, $200,000.

Mr. Best: I should like to make a few brief remarks on this particular vote, Mr. Chairman. I have enjoyed the debate so far this evening. I should like to congratulate the director of the National Art Gallery and his staff on the excellent work they are doing in their fine new building. It has been my privilege in a few moments that I have had to spare from time to time to visit this gallery, and I hope to do so more frequently in the future.

I should like to add to the remarks made by the hon. members for York-Scarborough and Port Arthur regarding war paintings of world war II. I believe we have a very fair number of these in our railway committee room in the parliament buildings. Great contributions in this field were made during world war II by the present director of the national gallery, Dr. Comfort, and people such as Mr. Will Ogilvy, Carl Schaeffer, and other prominent Canadian artists.

I was rather amazed at the self-admiration society we had here this evening on the other side of the house, and I refer particularly to the hon. members for Bonavista-Twillingate and Essex East. I felt that the hon. member for Essex East was rather crowding his way into the artistic sun, so to speak, staking out a piece of territory there, perhaps in jealous admiration of his predecessor the hon. member for Bonavista-Twillingate rising from his seat.

Mr. Martin (Essex East): Quite true.

Mr. Best: We were surprised to hear the member for Essex East grant pre-eminence in the artistic field, as I believe he did, to the hon. member for Bonavista-Twillingate. This sort of admission is rare in this house, for pre-eminence in any field to be granted to someone else by the hon. member for Essex East.

Mrs. Fairclough: On a point of order, Mr. Chairman, I think the hon. member is under a misapprehension. He is now speaking on vote No. 253 which was passed some time ago. I thought No. 254 had been passed but we are wandering back to it again.

Mr. Best: No. I wanted to speak on 254, the purchase account, which we are now on.

Mrs. Fairclough: I thought the hon. member was talking on the other one.

Mr. Pickersgill: The hon. member was just being as relevant as the rest of us.

Mr. Nowlan: Don't insult him.

Mr. Best: Briefly, Mr. Chairman, the hon. member referred to individuals as intellectual precursors. There are many precursors to intellect, including fish, so I am told—

Mr. Pickersgill: Quite right.

Mr. Best: —but perhaps we can go into that at length at some other time. I am interested in this vote because, to be frank, the amount of money has fluctuated greatly from year to year. I am very glad to see that the amount has been increased by $50,000 for 1961-62. In our national gallery we must have in my opinion paintings brought to Canada from many parts of the world, frequently at great cost. We must have paintings old and new from many countries as well as paintings from our own Canadian artists.

I think it is perhaps just as well that the national gallery does not buy on the basis of the sort of criticism or personal preference that may often be expressed in the House of Commons. In my view that is probably a healthy situation. We all have our personal ideas as to what we like in art, and our ideas in this field are probably as varied or even more so than in the field of politics.

I should like to remark that I hope the gallery is collecting representative works of young Canadian artists as widely as possible. I know they do this to some extent but I have heard some slight criticism in the past that certain groups of our prominent young artists may perhaps have been overlooked. I think our collections in this field should be truly representative as these young artists mature.

I am sure the gallery is also following another method which to a degree might be expanded. I have in mind keeping close track of our young Canadian artists so as to know where they are and what they are doing. Perhaps they might be catalogued to some extent so that they might be better represented in exhibitions in this country and abroad, and also from the point of view of purchases by buyers from other countries. These young artists will be the greatest force in this field in Canada in the future and I think it is of paramount importance that the national gallery continue its work of collecting the best examples of their work and perhaps offer them even more encouragement in this direction.

Item agreed to.

PUBLIC ARCHIVES AND NATIONAL LIBRARY

Public archives—

319. General administration and technical services, $716,268.

Mr. Pickersgill: Mr. Chairman, I wonder whether the hon. lady would be agreeable to having the national film board called next so that the hon. member for Dollard, who cannot be here tomorrow, can make an observation or two.

Mrs. Fairclough: Is 319 carried?

Mr. Pickersgill: No. The suggestion I made was that we might call the film board before the archives because the hon. member for Dollard, who absolutely cannot be here tomorrow, would like to make one or two observations about the film board which is in his riding.

Mrs. Fairclough: I have no objection to that. I thought it was a little more convenient to take the archives and national library first because usually there is not as much discussion on them as there is on the film board. I thought we might leave the film board until the last but I have no objection if you wish to call vote 251.

Mr. Winch: You only have two and a half minutes.

The Chairman: Is it agreed that we proceed with vote 251?

Some hon. Members: Agreed.

Item stands.

National film board—

251. Administration, production and distribution of films and other visual materials, $4,988,112.

Mr. Rouleau: Mr. Chairman, I wish to thank the minister most sincerely for calling the estimates of the national film board at this time. I only have a few words to say to the charming lady who happens to be the minister responsible for the film board and they will be words of praise for the work done by the board. I wish to congratulate the chairman and members of the board and its employees for the work they are doing.

The national film board was once described by an older friend of mine who also happens to be an old friend of the member for Russell—I refer to the mayor of Ottawa, Miss Charlotte Whitton—as the most important medium of communication and information. The purpose of the board is and has been ever since its creation to make Canada better known to the Canadian people and to contribute to the projection of Canada abroad. I am happy to say that the board has discharged its responsibilities very well and deserves our appreciation.

The national film board has been granted a well deserved citizenship award and the board quite rightly is exhibiting the national citizenship award in the entrance lobby of its headquarters in St. Laurent which happens to be in my constituency. This award speaks for itself.

With regard to the purpose of making Canada better known to the Canadian people, I was very much impressed by what I read in the annual report of the board for 1959-60. According to the report, the board completed

during the fiscal year 1959-60 353 film productions. Furthermore, in promoting the use of Canadian films by groups of all kinds the board has put 10,182 prints of its films into circulation in Canada. Films produced by the board were distributed to the Canadian people, to people of other lands, to community organizations of all kinds, to commercial theatres and television stations.

As in previous years several films produced by the board were awarded prizes by various countries throughout the world, including France, Italy, Spain, Germany, Switzerland and the United States. In 1958 the minister asked parliament to vote an additional amount of money for the production of films in foreign languages. We as members of parliament cannot place too much emphasis on the importance of such productions if we are to give other nations of the world a proper projection of Canada and the Canadian people. In order that peoples of other lands who cannot understand either of the two official languages of Canada will receive our message, we should make available to them films produced by the national film board in their own languages. Having that in mind, Mr. Chairman, I should like to ask the hon. lady three questions. I should like to know how much money the board is spending in foreign language versions, what the board will be spending in the next year and what is its present stock of foreign language versions of its films.

Before resuming my seat I should like to remind the board that we shall soon be celebrating the centennial of confederation in 1867. It is my opinion that the board should start working on the production of films relating to our history so that they may be ready in 1967 to show in Canada and abroad.

(Translation):

In conclusion, Mr. Chairman, I should like the national film board to be in a position to produce films, as of now, as a preliminary to the confederation centennial celebration.

The national film board could relate the history of two peoples who have united and worked in harmony in the past. Even if there were conflicts between them at times, both made Canada the great country we know now.

Canada's history, though brief, is none the less rich and the national film board could derive its inspiration from it to produce films which would make our country better known. Canadians as well as other people could benefit from such films.

(Text):

Mrs. Fairclough: Perhaps with the indulgence of the committee I could answer those three questions asked by the hon. member. This year $120,690 will be spent on foreign language versions. That is an increase in the appropriation of $30,000 over last year. We now have 700 versions in 34 languages. Next year we expect to have between 90 and 100 versions extra, over and above that number.

Some hon. Members: Carried.

The Chairman: Shall vote 251 carry?

Mr. Winch: No.

Progress reported.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder whether I could make this suggestion to the house leader. In view of the fact that it now seems to be necessary for the Minister of Labour to inspire questions from his supporters in order to make explanations of his department, may I suggest that the government go ahead and call the labour estimates tomorrow so that we can debate these things in the house in a proper way.

Mr. Winch: May I ask the indulgence of the house to inquire what the business will be for tomorrow?

Mr. Nowlan: In reply to the leader of the opposition, may I say that the business of the house tomorrow is a continuation of the debate of the estimates of the Department of Citizenship and Immigration. After that, we will take up the estimates of the Department of Agriculture. I know that my hon. friend the house leader has usually given a forecast of the business of the house next week, although there have been some criticisms of that procedure. If the house would like me to indicate, as a forecast only but a probable forecast, what will happen next week, I will do so. On Monday we will continue with the budget resolutions of the Minister of Finance on which the house has spent some little time already and I assume that we shall be able to conclude this business some time during Monday. Then we will go on with the resolution on today's order paper dealing with the O.E.C.D. Then we shall take the pensions bill assuming it is reported back from the committee as I understand it will be. I believe that these three items will take up Monday and Tuesday. On Wednesday we will deal with the so-called disclosure bill or the financial statistics bill which I think is the better title for it. I refer to the bill which requires

certain disclosures from corporations and unions. Then if the Department of Agriculture is not concluded tomorrow—and it will be lamentable if it is not concluded—we will go on with the Department of Agriculture estimates on Thursday and conclude with the Department of Fisheries on Friday.

Mr. Pickersgill: There is no intention of taking the Department of Labour next week?

Mr. Nowlan: No.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Indian affairs branch—

55. Administration, $792,099.

Indian agencies—

56. Operation and maintenance, $4,406,145.

57. Construction or acquisition of buildings, works, land and equipment, $1,610,285.

Reserves and trusts—

58. Operation and maintenance, $384,755.

Welfare of Indians—

59. Operation and maintenance, including a grant to the province of Manitoba of one half of the cost of a program of community development not exceeding $50,000, $9,176,563.

60. Construction or acquisition of buildings, works, land and equipment, $2,010,000.

Economic development—

61. Operation and maintenance, including an amount of $6,500 for grants to promote Indian agriculture, handicrafts and economic enterprises generally, $1,113,148.

62. Construction or acquisition of buildings, works, land and equipment, $511,407.

Education—

63. Administration, operation and maintenance, $21,164,850.

64. Construction or acquisition of buildings, works, land and equipment including payments under agreements to provide joint educational facilities to Indian pupils, $7,705,000.

65. Grant to provide additional services to the Indians of British Columbia, $100,000.

480. To authorize loans, in accordance with terms and conditions prescribed by the governor in council, to Indians in the current and subsequent fiscal years to assist them in acquiring housing, $100,000.

NATIONAL GALLERY OF CANADA

253. Administration, operation and maintenance including grants as detailed in the estimates, $975,116.

254. Payment to the national gallery purchase account for the purpose of acquiring works of art in conformity with section 8 of the National Gallery Act, $200,000.

Questions

ANSWERS TO QUESTIONS

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

CONFERENCE ON AGING, WASHINGTON

Question No. 103—**Mr. Benidickson:**

1. Did members of the public service of Canada attend a conference on the aging held recently in Washington, U.S.A.?
2. If so, who attended?
3. Did the conference discuss a program for medical care for the aged, and, if so, what decisions or recommendations in this respect came from the conference?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. Yes, as observers.

2. Dr. E. A. Watkinson and Mrs. F. E. Hurst of the Department of National Health and Welfare, Dr. J. N. Crawford of the Department of Veterans Affairs, Mr. Ian Campbell and Mr. Pat Conroy of the Department of Labour and Mr. Humphrey Carver of Central Mortgage and Housing Corporation.

3. Yes. Decisions and recommendations reached by the conference have not yet been published officially.

C.B.C. PREMISES AND PERSONNEL, VANCOUVER

Question No. 107—**Mr. Taylor:**

1. (a) How many persons are employed by the Canadian Broadcasting Corporation in Vancouver, British Columbia? (b) how many employed in radio, and how many in television?
2. What are the addresses of each of the premises where the employees of C.B.C. work?
3. What premises are owned by the C.B.C.?
4. Have architects been appointed or plans made by the C.B.C. for the construction of suitable accommodation for the entire C.B.C. operation in Vancouver?
5. Has the Vancouver city council recommended construction at a particular site?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

I am informed by the Canadian Broadcasting Corporation as follows:

1. (a) 419. (b) Radio, 95; television, 212; integrated services, 112.

2. 701 Hornby street (Hotel Vancouver), 654 Burrard street, 1190 Alberni street, 660 Howe street, 600 West 6th ave., 1200 West Georgia street.

3. The T.V. building at 1200 West Georgia street.

4. No architects have been appointed but preliminary planning is being carried out by C.B.C. architectural staff.

5. The Vancouver city council asked the corporation to consider locating regional headquarters in the civic entertainment and cultural area. However, after consideration the corporation decided to continue with plans previously made.

BREAKWATER LIGHT, BAY DE VERDE, NFLD.

Question No. 110—**Mr. Tucker:**

1. Have any arrangements been made to put a light on the breakwater at Bay de Verde, Newfoundland?
2. If so, when is it planned to make the installation?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

1. Yes.
2. As soon as possible.

MAIL CONTRACT, HILLVIEW-SOUTHPORT, NFLD.

Question 111—**Mr. Tucker:**

1. To whom was the latest contract awarded to carry mail between Hillview and Southport, Trinity Bay, Newfoundland?
2. Has the new contractor had previous experience?
3. Was the contract awarded as a result of tenders being called?
4. If so, how many tenders were received, and was the contract awarded to the lowest tenderer?
5. What was the amount of the tender?
6. Who carried mail previously, and what was the amount paid?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Donald Avery, Hillview.

2. No information—investigation revealed this tenderer possessed the necessary equipment, his sureties were acceptable and he would be suitable as a mail contractor.

3. Yes.

4. (a) Seven, (b) Yes (one of two tenders at the same amount).

5. $3,000 per annum.

6. William Stoyles, Hillview—$3,390 per annum.

MAIL TRANSPORT, HALIFAX-TRURO

Question No. 116—**Mr. Robichaud:**

1. Has a change taken place with respect to the system of transporting mail between Halifax and Truro?
2. If so, what system of transportation is now in effect?
3. Are any railway mail clerks affected by the change, and, if so, is provision being made to find employment for these men?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1 and 2. No. Effective March 13, 1961 service by rail is to be supplemented by a highway service with some local exchanges removed from the train.

3. Information not available pending completion of a survey. However, if any railway mail clerks are affected provision will be made for continued employment.

APPENDIX

DOMINION-PROVINCIAL CONFERENCE—EXCHANGE OF CORRESPONDENCE

PRIME MINISTER'S OFFICE

Province of Quebec

(Translation):

February 3rd 1961.

The Right Hon. John Diefenbaker, P.C.
Prime Minister of Canada,
Parliament
Ottawa, Ont.

My dear Prime Minister:

This is in pursuance of your letter of January 30 and of the telegram I sent you on February 1, which read as follows:

(Text):

"In answer to your letter I am happy to say that the twenty third and twenty fourth of February as suggested dates for the next federal-provincial conference are convenient to me Stop Letter follows".

(Translation):

The 23rd and 24th of February are perfectly convenient to me, and I shall make arrangements to get away from the session with those of my colleagues who will accompany me.

Since the October conference, we have given further consideration to fiscal arrangements to be established as of April 1, 1962. That further study did confirm the conviction I share with my colleagues that the suggestions you made at the October conference are such as to destroy the equalization principle.

We are also convinced that those suggestions did not take into full account the growing financial needs of the provinces. May I point out, in this connection, that the budget introduced by our predecessors for 1960-61 was of $617 million, while the one I introduced this very morning in the legislative assembly for 1961-62 exceeds $793 million.

Only a more equitable distribution of revenues coming from the main tax fields will enable the provinces to face the heavy obligations that devolve upon them under the constitution.

That is why we urge you to agree to reconsider your suggestions in order to leave untouched the equalization principle and to considerably increase the provincial share in the three taxation fields which are the basis of equalization payments.

You indicate in your letter that your governnment is ready to "introduce a growth factor in the equalization formula". We should like to have more details concerning this growth factor in order to be able to intelligently discuss that matter in Ottawa.

Most sincerely yours,

Jean Lesage.

(Text):

PREMIER'S OFFICE

Regina

February 2nd, 1961.

The Rt. Hon. J. G. Diefenbaker, Q.C.,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Prime Minister:

Further to my letter of today's date regarding the proposed meeting of the dominion-provincial conference on fiscal arrangements, there are two suggestions I would like to submit for your consideration.

It would be extremely useful to those of us who will be attending this conference if we could be sent in advance a copy of the proposal which the government of Canada intends to place before the provincial premiers. This would give us adequate time to study your proposals and to be better informed regarding their financial implications for our respective provinces.

There would also be some value in having the federal-provincial continuing committee on fiscal and economic matters meet a day or two in advance of the conference itself. This would give our technical advisors an opportunity to examine the statistical bases upon which the federal government's proposals are predicated. It seems to me this would save a great deal of time at the conference since the participants would come to the conference with a better understanding and appreciation of the proposals your government intends to place before us.

Trusting you will find it possible to give consideration to these two suggestions and again extending my personal regards, I remain,

Yours sincerely,

T. C. Douglas.

PREMIER'S OFFICE

Regina

February 2, 1961.

The Rt. Hon. J. G. Diefenbaker, Q.C.,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Prime Minister:

Thank you very much for your letter of January 30th proposing that the dominion-

provincial conference on fiscal arrangements be reconvened on February 23rd and 24th.

As you know, our legislature will be sitting at that time and while March 23rd and 24th would be preferable we will be glad to attend the conference on February 23rd and 24th if that meets with the approval of the majority of the provinces.

Looking forward to seeing you at that time and with kindest personal regards, I am,

Yours sincerely,

T. C. Douglas.

THE PREMIER'S OFFICE
Fredericton, N.B.

February 2nd, 1961.

Dear Mr. Prime Minister:

Your letter of January 30th suggesting dates for reconvening the federal-provincial conference on fiscal arrangements has been received in the absence from the province of the Honourable Louis J. Robichaud.

I have, however, discussed the matter with him by telephone and would now advise that the proposed dates of February 23rd and 24th and March 23rd and 24th are both quite inconvenient to the government of New Brunswick. April would be much more convenient, but it is appreciated that it might be quite unsuitable to other provinces or your government.

In view of the foregoing, I would urge that if either of the tentative dates proposed by you is to be decided upon it should be March rather than February. It is my understanding that several other of the provinces hold similar views.

Your further advice in this regard will be awaited.

Yours sincerely,
L. G. Desbrisay,
Acting Premier.

The Right Hon. John G. Diefenbaker
Prime Minister of Canada
Ottawa, Canada

COPY

St. John's Nfld.,
February 1, 1961.

Right Hon. G. Diefenbaker, M.P.
Prime Minister of Canada
Ottawa, Ont.

In reply to your letter of January thirty just now received please be advised that of the four dates suggested I would much prefer February twenty third and twenty four stop Kindest regards.

J. R. Smallwood.

Province of Manitoba
OFFICE OF THE PREMIER
Winnipeg

February 1st, 1961.

My dear Prime Minister:

Thank you for your letter of the 30th in which you propose that the dominion-provincial plenary fiscal conference reconvene in Ottawa on the 23rd and 24th of this month.

I am encouraged to learn both from your letter and from the statement in the House of Commons by the Minister of Finance last Monday that the government of Canada is prepared to provide for the growth factor in the equalization formula to be included in the new fiscal agreements.

I am looking forward to resuming our discussions on this constructive basis.

Yours sincerely,
Duff Roblin.

The Right Honourable John G. Diefenbaker,
P.C., Q.C., M.P.
Prime Minister of Canada,
Ottawa 4, Ontario.

OFFICE OF THE PREMIER
Victoria, B.C.

February 1, 1961

The Rt. Honourable John G. Diefenbaker, Q.C.,
Prime Minister of Canada,
Ottawa, Canada.

My dear Prime Minister:

This will acknowledge and thank you for your letter of January 30th in which you suggest that the dominion-provincial plenary conference to discuss fiscal arrangements be reconvened.

You will recall stating, during the October session of the conference, that "both the federal and provincial governments have the constitutional right of access to the fields of taxation which have been shared by means of the tax rental agreements". At the same session, British Columbia expressed its agreement that while the personal income and corporation tax fields were originally the sole domain of the provinces, the circumstances imposed by changing times have established the practice that federal and provincial governments now have equal right to the cultivation of these fields.

In order to implement the principle that, as further stated by you in October, "the government that spends the money ought to collect the money", British Columbia therefore asked the government of Canada to reduce its tax rate in the fields named by 50 per cent, in order that this government could

reoccupy directly that 50 per cent of each of the two fields. British Columbia would undertake in return to forgo tax rental payments from the government of Canada and to assume responsibility for all services now covered by cost-sharing agreements between the federal and provincial governments.

Failing federal acceptance of the principle outlined above, it is the view of British Columbia that the provinces should receive minimum rental payments in the following amounts:

(a) From personal income tax—25 per cent of federal rates as applied on January 6, 1956.

(b) From corporation income tax—12 points of the federal levy on taxable income.

(c) From successive duties—50 per cent of federal collections.

Coincidental with the establishment of this formula would be the continued payment of fiscal need subsidies payable from the consolidated revenue fund of Canada to the Atlantic provinces, and perhaps some others, as determined by a competent independent authority; together with continuation and expansion of shared-cost programs.

British Columbia believes strongly that one of the two arrangements outlined above should be accepted by the government of Canada; the preference of British Columbia is for the first formula. Nearly 16 years have passed since the end of the wartime emergency which precipitated entry by the provinces into the tax rental agreements which remain as the basis of federal-provincial fiscal relations to this day. The burden on the provinces of greatly increased costs for education, health and social services, and for much improved transportation facilities, makes a realistic change in the present arrangements most urgent.

As to the dates suggested by you for a resumption of the conference, British Columbia would much prefer the March date but will, of course, accept the suggestion of a February meeting if this is deemed more convenient by a majority of the provinces.

Yours faithfully,
W. A. C. Bennett,
Premier

THE PREMIER
Halifax, N.S.

February 1, 1961

Dear Mr. Prime Minister:

I wish to acknowledge your letter of January 30th regarding the reconvening of the conference on fiscal arrangements.

The suggested date of Thursday, February 23rd will be satisfactory to us.

Our legislature will be sitting but I assume it will be possible to make arrangements to be absent from the house.

Yours sincerely,
R. L. Stanfield.

PREMIER'S OFFICE
Prince Edward Island

Charlottetown, February 1, 1961

Right Honourable John G. Diefenbaker
Prime Minister of Canada
Ottawa

Dear Prime Minister:

I have your communication of January 31st regarding the conference to discuss fiscal arrangements.

While the dates of March 23rd and 24th are suggested along with February 23rd and 24th, I will go along with the majority although the earlier date is not very satisfactory to us in this province.

Yours very truly,
W. R. Shaw,
Premier.

UQ QUEBEC Q 1 210PM
The Rt. Hon. John Diefenbaker PC
Prime Minister of Canada, Parliament, Ottawa

In answer to your letter I am happy to say that the twenty third and twenty fourth of February as suggested dates for the next federal provincial conference are convenient to me stop Letter follows

Jean Lesage Prime Minister of Quebec

OFFICE OF THE PRIME MINISTER AND
PRESIDENT OF PRIVY COUNCIL
Toronto, Ontario,

January 31, 1961.

Dear Mr. Prime Minister:

Today I have despatched the following telegram to you:

"Your letter of thirtieth instant is at hand. I prefer the resumption of the conference on February 23 and 24 and will make the necessary arrangements to be present at 10.00 a.m."

Yours very truly,
Leslie M. Frost.

Right Honourable John G. Diefenbaker, Q.C.,
Prime Minister of Canada,
House of Commons,
Ottawa, Canada.

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Right Honourable John G. Diefenbaker
Prime Minister of Canada
House of Commons Ottawa

Your letter of thirtieth instant is at hand stop I prefer the resumption of the conference on February 23 and 24 and will make the necessary arrangements to be present at 10:00 AM

Leslie M Frost
Prime Minister of Ontario

WAA WNA 48 16
FD EDMONTON ALTA 31 224 P
The Right Honourable J G Diefenbaker
Prime Minister of Canada
Ottawa Ont

Re letter January thirty plenary conference stop Proposed date February twenty third and twenty fourth preferred.

Ernest C Manning
Premier of Alberta

RE PLENARY

Note: A similar letter was sent to each provincial premier save the premiers of Quebec and Prince Edward Island. Copies of which are attached hereto.

Ottawa, January 30th, 1961.

The Honourable Dufferin Roblin,
Premier of Manitoba,
Winnipeg, Manitoba.

My dear Premier:

The dominion-provincial plenary conference called to discuss fiscal arrangements for the period following March 31, 1962, adjourned on October 28th last to meet at the call of the Chair. It seems appropriate now that steps be taken to reconvene the conference. I propose that the meeting be resumed in Ottawa on February 23rd and 24th.

I am sure that all governments have been studying this important subject further with a view to arriving at a satisfactory and workable understanding. The suggestions which I placed before the October conference included the principles of equalization based on fiscal need and the stabilization of provincial revenues. The federal government is also prepared to make provision for a growth factor in the equalization formula. It is our hope that agreement may be arrived at on the basis of these principles.

I realize that on account of the sittings of parliament and the legislatures this is a very busy time for us all. I hope, however, that you may find it possible to be present at the reconvened conference on Thursday, February 23rd, commencing at 10.00 a.m. If these dates are not regarded by the majority of the provinces as convenient, I would suggest alternatively March 23rd and 24th.

Yours sincerely,
John G. Diefenbaker.

(Translation):

Ottawa,
January 30, 1961.

The Hon. Jean Lesage,
Prime Minister of the Province of Quebec,
Government House
Quebec City (P.Q.)

My dear Prime Minister:

The federal provincial pleanary conference which had been called to discuss the fiscal agreements which were to take effect as of March 31, 1962 was adjourned last October 28, when it was agreed that the meetings would be resumed on the chairman's invitation. It now seems desirable that the necessary steps be taken for reconvening the conference. I therefore suggest its resumption in Ottawa, on February 23 and 24.

I am certain that all governments, have given further consideration to that important matter with a view to reading an agreement that would be both satisfactory and applicable. The suggestions I submitted at the October conference included the equalization principles based on fiscal needs and the stabilization of provincial revenues. The federal government is also prepared to introduce an expansion factor in the equalization formula. It is our hope that an agreement might be concluded on the basis of those principles.

I realize that, because of the sessions of parliament and of the various legislatures, we are all very busy at this time. However, I hope that you will be able to be present at the resumption of the conference at ten o'clock in the morning of Thursday, February 23rd. If, in the view of the majority of provinces, the suggested dates are unsuitable, I would suggest as alternate dates, March 23 and 24.

Yours very truly,

(Signed) John G. Diefenbaker.

(Text):

Ottawa, January 31st, 1961.

The Honourable W. R. Shaw,
Premier of Prince Edward Island,
Charlottetown, P.E.I.

My dear Premier:

The dominion-provincial plenary conference called to discuss fiscal arrangements for the

period following March 31st, 1962, adjourned on October 28th last to meet at the call of the Chair. It seems appropriate now that steps be taken to reconvence the conference. I propose that the meeting be resumed in Ottawa on February 23rd and 24th.

I am sure that all governments have been studying this important subject further with a view to arriving at a satisfactory and workable understanding. The suggestions which I placed before the October conference included the principles of equalization based on fiscal need and the stabilization of provincial revenues. The federal government is also prepared to make provision for a growth factor in the equalization formula. It is our hope that agreement may be arrived at on the basis of these principles.

I realize that on account of the sittings of parliament and the legislatures this is a very busy time for us all. I hope, however, that you may find it possible to be present at the reconvened conference on Thursday, February 23rd, commencing at 10.00 a.m. If these dates are not regarded by the majority of the provinces as convenient, I would suggest alternatively March 23rd and 24th.

Yours sincerely,
John G. Diefenbaker.

HOUSE OF COMMONS

Friday, February 24, 1961

The house met at 11 a.m.

VETERANS AFFAIRS

Third report of standing committee on veterans affairs—Mr. Montgomery.

SUPPLY

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

National film board—

251. Administration.

Production and distribution of films and other visual material, $4,988,112.

Mr. Pitman: I just want to say a few words about the national film board from a particular point of view. I think we in North America have a somewhat peculiar view of public agencies. We tend to regard them as likely to be havens of inefficiency, waste and mediocrity, filled with time servers. Indeed, one hears it suggested that they are the last harbour of retreat for incompetence.

In the national film board we have a government agency which derives its revenue, certainly in part, from the government, and which is responsible to parliament and therefore to the people of Canada. We know that its work could never be carried on by a commercial company, yet it is amazing to what extent this agency pays for itself. It sells its services to the extent of nearly $1,500,000, and its rentals amount to well over $500,000. Thus we must remember, when we consider the work of this agency, that parliament is not paying the whole shot.

Part of the work of the film board is to provide services for other departments of government. For example, if the Department of Agriculture or the Department of Trade and Commerce want a film made, the film board is asked to make it. I think one of the most heartening aspects about this government agency is the extent to which it has gained the confidence and won the enthusiasm of the people of Canada. One thing to be noted is that this is an example of a government agency which is not cold and impersonal, as we in North America tend to think government agencies should be. I think it is significant that this agency has gained an unique place in Canadian life, and because of this it has been able to distribute its films at only a fraction of the cost which a commercial company would have incurred, since there are a large body of people who are willing to give their services to the board simply because they regard its work as being important to the community.

As a result of the wide distribution of the films made by the board, over 15 million people in this country have seen them either through school programs or community programs. The importance of the work of the film board to the departments of education can, in fact, hardly be rated too highly. If we include those people who have seen national film board productions by means of television, then of course the number would run into almost countless millions.

Another legend which seems to persist in North America is that the work of government agencies seldom rises above mediocrity. But, as was pointed out last night, perhaps the people of Canada do not realize the number of awards which the national film board has won by reason of the excellent quality of its work. The fact that the board has won seven of these awards throughout the world is something to be noted. It might seem that with regard to this aspect of our national life we just do not know how well our agencies are doing. We have discovered how to make films with a distinctive Canadian style. Canadian films are known because of the way they are made, and I think this shows that the flavour of Canadian life can be expressed through the medium of films. Through the films of the national film board developments in Canada have been made known in other parts of the world. This would indicate that the expenditure parliament is making on behalf of the board is worth while. I hope this will be an indication of what the role of government enterprise can be. Here is a public enterprise that is not competing with private enterprise but is giving business to and supporting private enterprise, and at the same time is making a tremendous contribution to Canadian life.

Here we have an example which shows that we can have an esprit de corps, a justifiable pride, in a public agency. Certainly the films of the board are produced with the highest degree of technical excellence. To the extent that the board changes the public image of government agencies, it is performing a remarkable service in Canada.

Mr. Muir (Lisgar): Mr. Chairman, the minister will recall that when parliament was opened by the Queen in 1957 the national film board filmed the proceedings. I am wondering in how many places throughout Canada this film has been shown and if it is still being shown throughout the country.

Mrs. Fairclough: Mr. Chairman, while we are locating those figures for the hon. member, perhaps I may be permitted to make a brief statement. Hon. members will notice that for the fiscal year 1961-62 the national film board estimates show an increase of $287,258. The major factor is an increase of $166,395 for salary revisions and merit increases to the board's personnel. Other increases in the operational vote are $50,000 to provide for an extension of the board's production activities, and an increase in Canadian distribution costs of $14,848 resulting from the appointment of two additional district representatives, one in British Columbia and one in Saskatchewan. The sum of $17,254 will be required for additional service and wage increases to members of the Canadian corps of commissionaires. The acquisition of equipment vote shows an increase of $18,416. The balance of $20,345 covers a number of small items.

Item agreed to.

252. Acquisition of equipment, $172,380.

Mrs. Fairclough: I still have an answer coming for the hon. member for Lisgar. The reply to the hon. member is that there were 464 bookings in moving picture theatres in Canada. The picture is being shown in the schools of Canada; it is shown in every part of Canada.

Mr. Muir (Lisgar): I want to thank the hon. lady for giving me the answer. The reason I asked is that I have had many inquiries from the schools regarding the procedure of opening parliament. I would hope that this film would be shown extensively throughout the schools in Canada.

Mrs. Fairclough: I might add it is available on request.

Mr. Taylor: Has the national film board ever attended any international sporting event in which Canada has participated, and taken pictures of some of our Canadian athletes participating in those games?

Mrs. Fairclough: I am told that the film board has never taken actual pictures of international competitions in which Canadian athletes participated abroad because they have never purchased the right to take those pictures, but the board does have pictures of sporting events in Canada. There is a film which is in course of preparation—it is on the program for this year—which will deal with preparation for competition in the Olympic games.

Mr. Taylor: Just by way of further comment, I know that throughout the country there is keen interest in getting copies of films of such events as the skiing championships at Squaw Valley in which Anne Heggtveit participated. These films, if readily available, could be shown in schools throughout the country and I am sure they would be much appreciated. My point is, can consideration be given to the national film board at least making an effort to take pictures of some of our stars at some of these future international events in order that in due course those films may be shown here and thereby encourage other amateurs to participate as well?

Mrs. Fairclough: The film board will be very glad to consider this suggestion.

Item agreed to.

Public archives—

319. General administration and technical services, $716,268.

Mr. Brunsden: Mr. Chairman, last evening your predecessor in the chair very properly suggested, since I had included books with art, that I should defer my remarks until this particular vote was reached. I should like to say, sir, that last evening's discussion on art was most illuminating to those of us who have had little opportunity to become more than casual observers in that particular field. Some excellent addresses were made; it is not my intention to single out any one in particular, but it was a cultural evening and was well worth while.

Under this particular vote I should like to speak very briefly on the national library. One of the compensations of being a new member of parliament is the access one has to the parliamentary library, the national library, if he so wishes, and the librarians. To those of us who come from far places the contacts we make are most valuable. As an aside I should like to pay a brief tribute to the parliamentary librarian and his staff. They are always most helpful. Like the rose, I am afraid they blush unseen; nevertheless we appreciate them.

I tried to say last night that my previous knowledge of the national library was very fragmentary. I was told at one time that there were two countries in the world without national libraries, Canada and Ghana. I have learned since that Ghana now has an admirable national library and I have also

learned—one learns constantly in Ottawa—that we have the nucleus of a very promising national library in Canada.

My plea is that the promise may be fulfilled. I think it was John Ruskin who once said that books are divisible in two classes, books of the hour and books of all time. Our national library and our archives are concerned with the books of all time. We have made a start, but we need a great deal of development if the national library is to come into full fruition. My information is that there are approximately 400,000 volumes under the control of the national library. It is interesting to note that this represents one book for every 45 Canadians. To me this is pitiful when we think of the tremendous sums of money we spend in other departments which have nothing to do with the development of the Canadian mind.

The national librarian has a very difficult task. He and his staff are working in cramped quarters. They are handicapped in their endeavour to expand the facilities of their organization by not having sufficient room in which to operate. We talk and have talked in the house for the last few years about the creation of a physical green belt. We are building a glorious national capital. My plea is for the creation of a green belt of the Canadian mind, and I hope the day is not far distant when parliament will see to it that in our physical green belt there is built a national library capable of housing the tremendous store of wisdom that has come down to us through the ages and which will enrich not only our own lives but the lives of future generations. Incidentally, I note that the next generation is well represented in the galleries this morning. Generations yet unborn will profit if we establish our national library on the basis on which some of us conceive it should be established.

Mr. Pickersgill: Mr. Chairman, I was only too happy on this occasion to defer to the hon. member for Medicine Hat who began the remarks he has made this morning on another item in the estimates, and who has made what I think is one of the most useful contributions that have been made to our debates in this session of parliament. Without any reservation whatsoever I should like to congratulate the hon. member both for what he has said and for the way in which he has said it.

It does seem to me that we are taking altogether too long to provide the building which will house the national library. It is a very fortunate thing that for the past few years, since the National Library Act was passed by parliament, we have at least been accumulating some of the books that we ought to be accumulating. I must say that I never before thought of the statistic the hon. member for Medicine Hat gave us this morning when he said that the 400,000 volumes belonging to the national library would represent one book for every 45 people in Canada. I must say I do not think that is one of the statistics I would be proud of, and I doubt if it will be put in that blue book of facts which has been published recently and which is probably not in the national library.

The plain fact is, of course, that until the national library has a real physical home it cannot expand in the way we would like to see it expand and the way it ought to expand. Until it has a proper physical home there cannot be the proper differentiation between the functions of the national library and the functions of the parliamentary library which it would be desirable to make both in the interests of efficiency and economy as between the two institutions. I do feel that it was desirable to let one of the supporters of the government have the initiative that is usually taken by the opposition on the estimates, in the hope that the observations made from this part of this side of the house might not fall on deaf ears but, coming from a supporter of the government, be received a little more sympathetically than otherwise would have been the case. I only wish that the Prime Minister and the Minister of Finance were not otherwise engaged at the federal-provincial conference so they could have been here to listen to what was said by the hon. member for Medicine Hat.

We do know, of course, that the site for the new national library is now occupied by No. 1 temporary building on Wellington street, which ought to have been torn down by this time. By doing so this energetic Minister of Public Works, who does a lot of talking about providing winter work, might provide a little more work this winter so the government could then proceed at once with the building of the national library. This should be done. I know the hon. lady can only use her influence with her other colleagues, that the decision will be made by the government as a whole, and particularly those members of the treasury board, on the initiative of the Minister of Public Works. At least we have the opportunity here of saying something about it, and I do hope, when the estimates of the Department of Public Works come up, the hon. member for Medicine Hat will urge the Minister of Public Works to get on with the job. From the way the hon. lady is nodding her head I think he will have her support in the cabinet, where there are secrets which she cannot reveal to us except by the expression on her face.

Mrs. Fairclough: Possibly I might say a word about this subject. I agree with that which has been said and I thank the hon. members for their support. I too am disappointed that we have not been able to get ahead with the building before this, but possibly now that spokesmen in the house have expressed themselves I will have a little more support.

Mr. Fisher: Mr. Chairman, I would like to take a somewhat different approach to that which has been taken in this debate so far. I feel that one should always be careful when speaking from a position of special knowledge, though I hardly claim as a librarian to have particularly special knowledge, but one of the points I would like to bring to the minister's attention is something I have noticed while making certain contacts with people. That is that when we have encountered historians and other people who work at the public archives, we find unstinted praise for the administration in the steps that have been taken and where expansion has taken place. Dr. Lamb, the national archivist, also happens to be the national librarian.

I cannot say I get the same reaction as I go around and encounter librarians and other people dealing with books. By this I do not mean that the criticism is nasty or vicious. I think everyone in the library profession appreciates Dr. Lamb's stature as a scholar, but there is a very definite feeling among librarians that the great ability which he brings to his role as archivist detracts from the part he might play as national librarian.

I was very appreciative, as I know were many people in the library profession, of the fact that the Prime Minister saw fit to appoint a trained librarian for the library of parliament. I have no comments to make about the person appointed, but the fact that we now have this recognition would, it seems to me, lead to the next step of the library profession in its move for recognition, and that is to have a national librarian whose training, background and interest is in libraries.

I cannot emphasize too much the favourable reaction to the work of the public archivist in the way he has expanded the types of service offered both in the library and in the manuscript sections. The microfilm facilities and that sort of thing are excellent. I think the scholarity community, especially in the fields of history and associated subjects, are very fortunate.

I would not like to suggest that the reason we have not a national library building on the way is that we have a man at the head of the public archives and national library who is in a dual function. I do not think this is a factor, but I think librarians and people who are interested in books and the creation of a national library centre would feel somewhat happier if we had a national librarian separate from the archives.

I know this is possible. I can imagine the hon. member for Greenwood being prepared to argue that the main thing is to have a man who is a good administrator and yet has a sense of cultural values and an over all good education. I agree that this summation would apply very much to Dr. Lamb. The fact is that today there is no antithesis in library work respecting a person of a high education or intellectual status or scholarly attainments, but it is also a fact that more and more the whole organization of things in library work, as it tends towards increasing documentation, is a very specialized administrative field.

I think one of the greatest problems our society is running into lies right in this field of documentation and library work, how we are going to handle the great many records that are piling up in so many fields. I am afraid the national library is going to have a rather narrow collection, say in the field of natural science or applied science, but I am sure we can count on the national research council to provide us with a national library service in those fields. This raises the question as to what the fields the national library is going to cover and whether it is going to be primarily a documentation centre or will attempt to be the kind of large institution that has a basic collection of books in all the various fields.

I suggest that we might be 10 or 15 years behind the times if we aim to erect a huge institution built around a massive book collection. I think in Canada the emphasis should be upon keeping control of the records and books, building up a service of interchange of books, a crackerjack reference service and, through documentary control, keeping on top of all the flow of information that is pulsing into this country or in the country or about the country from anywhere in the world. That is perhaps the main challenge.

I suggest that it is into this field of specialization that librarians are moving more and more. There tends to be a picture in people's minds of a librarian as a man who reads books and book reviews and who can talk knowingly about general books that may be in a collection. As a matter of fact the best librarians—and I think we must acknowledge that the best librarians are mostly Americans—are in one sense extreme specialists in understanding techniques. I refer to punch-card techniques, I.B.M. machine techniques, the

whole business of control and making available information. The institutional kind of national library that is envisaged by many people could, I suppose, be built by a collection of one million or one and a half million volumes.

I wonder what the direction would actually be. We have a collection in Washington today of around the 15 million mark. There is a collection of between eight million and ten million books at the British museum. I have been in the Bodleian library in Oxford. At the time I was there they thought they had between five million and six million books, but they had fairly well lost control of this collection in terms of having it really available to users. The collection at Oxford that was actually available to users through catalogues and ready reference was at that time in the neighbourhood of only one million volumes. I am speaking of ten years ago.

The problem in these larger libraries is quite often, how do you get the service? I know at the Bodleian library you sometimes had to wait an hour or more for a book after you had discovered whether they had the book you wanted and where it was. The British museum is another case in point. I made inquiries there and found they had a magnificent collection and a wonderful service for scholars. They go out of their way, especially in reading room privileges, to help anyone who has a serious scholarly intent. Yet so little of their massive collection is really available. When you see the size of the collection that is available, you understand why this is so, because it is so massive.

The hon. member for Medicine Hat raised the point that we have 400,000 books within the scope of the national library. I do not know too much about the details, but I would doubt whether the national library has available in its present quarters more than 50,000 books catalogued and available. It would seem to me the main thing the national library has done, and we must give credit to the people who originated this, is that it has built up in effect a union catalogue of holdings of most of the academic libraries in Canada. This is what I mean by a type of documentation service, in other words the library acting primarily as a clearing house.

It seems to me that one of the things we are not really crystal clear about when the new building is launched is the range of the collection within the building, how big it is going to be. I think anyone in library work realizes that the initial cost of a book is really nothing in the long run if you have an institutional library. There is a changing pattern as to when the costs of storing a book match up with the costs of buying the book, classifying it, cataloguing it and putting it on the shelf.

In recent years, with the cost of heating and staffing institutions, this point has crept down and down until I think it is recognized by most people in university library circles that within ten years after you put a book on the shelf it has cost you as much to keep it there as it did to buy it and make the preparations to keep it. In other words the space and storage problem is a gigantic one.

If anyone thinks the flow of books is a constant thing they should go and look at some of the books available at the library. They should look at the national library Canadiana, and they will see that in the field of publishing, as in almost every other field, we have a growth potential that has been almost constant. One of the other difficulties about this growth potential and the growth rate has been the fact that publications have tended to vary so much in their format. There is all the mimeographed and other material with which hon. members are familiar. We are moving further and further away from the conventional idea of the book as a hard covered thing, and this raises great problems with regard to storage. It is easy enough to perpetuate the life of a hard covered book, but what do you do about mimeographed briefs, paperbacks, pamphlets and other things which are accumulating so rapidly today and which take so much time to catalogue?

For these reasons I think the concept of our national library needs to be reiterated in terms of the job that library is going to do, and I would suggest that the almost ceremonious conception which many people have of the national library may be already out of date in terms of the use we may possibly have for it. I know it would be very stirring to have the kind of building to which you could take a class and go into a marble hall something like the printing bureau in Hull and see illuminated manuscripts on display. Perhaps we could get Magna Carta and some of the other exhibits of that kind which are on view in the British museum in London and display them.

A service of this kind is one which reminds children of their heritage, but does it really do anything for the serious person who wants to read and study? Does it really do anything when people are able to say we have that big pile of a building filled with a collection that is worth up to a million dollars and still growing, but we are not too sure what that collection is going to be used for and what direction it is going to take. I cannot emphasize too strongly the proliferation of material and the specialization in the field

of knowledge. It seems to me that in a field like this we have very grave problems in determining the kind of national collection we want.

Archives, on the other hand, seem to me to be a much simpler proposition in terms of their use both by scholars and by ordinary people. They seem much closer to our history, our traditions and also to our future. The question here that interests and intrigues me, of course, is, for example, the length of time which must expire before records become free and open. For example, I am very much interested in the former member for Port Arthur. If I am ever in a position in the next decade or two to undertake the work, and if I have some available time, I would like to tackle a book or biography of this man. What about the records that he has turned over to the national archives? I quote this as an example. When are these documents to be available?

I think there is another problem which this government, particularly, has not faced; that is, giving some indication of what the members of this government plan to do with their records when their administration ends. We have never had a real definition of what is privy to a minister of the crown and what becomes, eventually, part of the public record and how long documents must form part of the public record before they are open to the scholars. I know that in Britain generally they have a 50-year rule. Sometimes this is waived, and at other times the material is held for longer than 50 years. Again, this is something in the field of public archives I should like to know something about as, I imagine, other scholars would.

There is an increasing interest which I encounter, and which I am sure other members encounter, in genealogy in this country, and here the national archives offers a service especially in connection with earlier census records. I wonder whether the archives or the national library or the national library reference centre should have this chore. I myself, again through personal interest, would like to know more of what could be done through a government agency, either the archives or the national library, toward building up an ability to trace descent not only here but in liaison with other countries. I know a problem which one of my relatives had was that of trying to trace relatives in England because of the variation in the records as between parish records before 1826 and records of births after 1826, which are usually kept in Somerset house, London. One day the Minister of Finance and I were talking and we discovered we probably had certain relationships in common two or three generations ago through families located in southern Ontario.

It seems to me that as we get older as a nation this type of tracing will attract more and more interest. I know the United States in this respect is far ahead of us in its feeling for history and looking back on family records of the past. This is an extremely important phase of reference work in the United States, and I think it is going to become much more so here. I should like to know what plans either the national archives or the national library may have to provide this particular service. I am not suggesting they are not doing a good job now, but it seems to me one can be quite positive that the demand is going to increase and that is going to mean more cost to the government. I should like to know what plans are being made for setting up a permanent service, with perhaps some definite central authority and some publications which explain how to go about the study of genealogy in Canada.

I had some specific questions I wished to ask, but in case other members may want to make some general remarks on this vote I will conclude and come back to the specific questions later.

Mr. Macdonnell: I have a few brief comments I should like to make on this item. I should like to associate myself with what the hon. member for Bonavista-Twillingate has said about what we owe to the hon. member for Medicine Hat for bringing this question up. I do not think we have taken this seriously enough in the past. I have listened to the speech of the hon. member for Port Arthur, who obviously has a considerable knowledge of these things and has devoted careful thought to them. From my own experience I can say something about the dominion archivist. I know something of the extent to which he has diligently pursued historical documents and private documents which are known to be of historical interest.

My particular reason for rising is to say that I know the minister is sympathetic, and I feel that as a result of this sympathy we may be able to get this matter advanced. I understand there is no committee which is seriously considering this question now. I was greatly struck the other day on reading a book by Dr. Cyril James, president of McGill University, on a recent visit he made to Russia, and it almost frightened me to learn from his report that education in Russia is being taken much more seriously than it is here.

I asked myself some very serious questions. It was interesting to read that in Moscow, Shakespearian plays are often produced and are very well attended. Reading the other things Dr. James had to say, I was led to wonder if we are still continuing the pioneer instinct which built up this country but which

did not make us feel that libraries are one of the practical or more important things in life. I am wondering if we have reached a stage where we have to do a lot of rethinking.

We have found that part of the reason for our present unemployment situation is that we have not trained our people well enough. That to me raises the whole question of broadening education. Therefore I wanted to make my small contribution this morning in the hope that those who know more about this matter than I do may be enabled to deal with this question, which has come to have an urgency and practical importance which we have not been inclined to attribute to it in the past.

Mr. Macquarrie: Mr. Chairman, I should like to make a few brief comments. I was most impressed by the felicitous remarks made by the hon. member for Medicine Hat, and I agree with him wholeheartedly in what he said. More surprisingly, I found myself in almost complete agreement with the hon. and learned member for Bonavista-Twillingate, although I thought the hon. gentleman was a bit irreverent when he spoke about a certain blue and white book because we know, of course, that historic truth should always be cherished.

I think we must urge upon the minister the pushing forward of the structural aspects, shall we say, of the national library; but, like the hon. member for Greenwood, I would rather concern myself at this juncture with the public archives in the study room of which I have spent many hours. I am tremendously impressed with the great work Dr. Lamb and his associates have been and are doing. It is extremely important that a good job be done in the national centre, because many scholars have often found that in the smaller areas throughout the provinces there is a regrettable lack of facilities of an archival nature. Therefore leadership must be given at the national level, and Dr. Lamb and his staff in my opinion are giving that leadership in a splendid way.

I quite agree with the hon. member for Greenwood on another point. I think it is sadly true that we Canadians are not an historically minded people. Probably we are not very education minded either. Perhaps this is a hangover of the frontier spirit which causes us to look upon some of these things with the eye of the Philistine.

I think of the dearth of writings concerning our great men which was mentioned by the hon. member for Port Arthur. When we leave the west end of this building we see a fine painting of Canada's fourth prime minister, Sir John Thompson, a man uniquely qualified for leadership and who in his short career made history as an outstanding statesman, yet we find no work written about him other than what was written in a eulogistic way shortly after his tragic passing in 1894. There are, however, Thompson papers, which though not ample should, of course, be more widely and intensively used. There are two aspects to this type of situation. We must collect the papers of these great men, and we must do more about having historic research made upon them.

I believe the hon. member for Port Arthur is quite right in expressing concern about the restrictions on the records. If I had any criticism to advance with respect to the public archives of Canada I would say that they err on the side of being too restrictive with respect to the records. In that respect I feel they compare rather unfavourably with the United States in these matters. It is not every public man, of course, who like the late Mr. Arthur Meighen will leave his papers and say, "Here they are, unrevised and unrepented; so they stand for my lifetime and after". I believe that scholars should not be held too long from the papers of the men who made history. We must encourage those who are bringing about the opening up of the records of our past. I think it is up to us as national legislators to contribute in every way we can to the furtherance of this important measure.

There is one point I should like to commend to the minister. I think the study room in the archives, the one that is open 24 hours a day every day of the week, is a most splendid institution. I have often been troubled in visiting various parts of the country to discover, when I have arrived for a long week end, that I cannot have access to the records at all because everything is closed. The example set by the public archives in Ottawa is most commendable.

Before I resume my seat I should like to say once again that the staff of the public archives are most competent and courteous. While I do not believe the staff is large enough or that their facilities are adequate I would like to say on the basis of my personal experience over many years that they are, under the circumstances, doing a most excellent job and I commend their thoroughgoing devotion to the minister.

Mr. Pitman: Mr. Chairman, would the minister tell us whether the historical collection which is to be found in the archives building on Sussex street comes under the estimates relating to the public archives?

Mrs. Fairclough: Mr. Chairman, I did not catch the name of the collection. To what collection does the hon. gentleman refer?

Mr. Pitman: The historical collection which takes up three or four rooms is the collection to which I referred. Does this come under the estimates for the public archives?

Mrs. Fairclough: Yes, Mr. Chairman, that is quite correct.

Mr. Pitman: I wish to say a few words about this collection. I think it is very important in that it is unfortunately the outward expression of the archives to the Canadian public. I believe there is perhaps a confusion of purpose in this building. I think archives are concerned with historical documents and should remain so. Perhaps the collection in the Sussex street building should concern itself with a display of documents from Canada's past in a tasteful and conservative—with a small "c"—way. In this way it would perhaps better serve its purpose than in its present form. At present a number of historical objects of an unrelated and incongruous nature are grouped together.

The national library and archives in Washington, D.C. provide a good example of what can be done in this field. I hope the minister will allow me to criticize in this area. I have supported other areas under her jurisdiction, and perhaps she will permit me to criticize this area. I have never seen a more incongruous or ill-assorted collection of paraphernalia in my life than exists in the historical collection on Sussex street. That was my impression on first visiting the building a few years ago with a group of young people. A historical collection with some kind of pattern, theme or continuity would make a better impression on the minds of young people than a confused collection. I realize that this is an infinitesimally small part of the work of the archives, and I appreciate the tremendous work that is being done in other areas of its jurisdiction including the work it does for scholars, but unfortunately the historical collection is what most Canadians see when they go on sightseeing tours in Ottawa.

For purposes of illustration let me refer to one of this group of rooms in the Sussex street building in which the historical collection is housed. In one room I found a replica of the Vimy war memorial, the colours of the militia of 1775 in an incredibly filthy case, a model section of Ottawa showing improvements—obviously the model was old and the improvements have been executed—a model of the parliament buildings, a model of a ship, the T.T.S. *Lady Nelson,* a model of a boat used in an Arctic exploration by Stefansson, a great mass of Indian and Eskimo material and a collection of photographs of early generals and lieutenant governors. There was absolutely no pattern whatever.

[Mrs. Fairclough.]

One of my colleagues has suggested that the collection comprises historical junk, but I would not go that far. I would say, however, that it does not give a clear picture of what the archives does. On the basis of a visit to the historical collection I am sure no young person would have any idea of the clarity that characterizes most of the work of the archives behind the facade of this confused historical collection.

It can be done. When I visited the archives I was interested to note an exhibit of Canada 200 years ago. There you have an example of a display which has a theme. You can follow this theme. You can see very clearly something of what Canada was in 1759, at the time of Wolfe and Montcalm and the siege of Quebec. I would bring this to the attention of the minister. I do not think the outward expression of the archives is of the best. I would hope that possibly something much more acceptable could be put forward to the public of Canada when they think of the Canadian public archives.

Mrs. Fairclough: Mr. Chairman, possibly I can deal with the remarks of the hon. member for Peterborough first. The miscellaneous room to which he has referred is intended to touch upon names and events which are familiar to school children. Experience has shown that it is very successful for that purpose. The other room to which the hon. member has referred has been refitted. It had been intended to refit the first room, but it has been such a popular one that they have left it for the time being.

A number of comments were made here this morning, and I thank hon. members for the serious consideration which they have given to this subject.

With reference to some of the remarks made by the hon. member for Port Arthur, I might say that the functions of the archives and the national library dovetail to a degree. That makes it quite natural that one person should head the two departments. Since I believe the hon. member has left a rather unfortunate impression with the committee I may say that no one has been more insistent on the need for an early start of the new building than the national librarian. I know the disappointment he feels over the fact that the building has not been made available with the required space. Owing to lack of space the library has not been able to begin the collection of periodicals and other serials on a large scale.

The other considerations which the hon. member mentioned are being kept carefully in mind by the national librarian, but I should tell him that no attempt at all is planned for a huge, all-inclusive, comprehensive library. As a matter of fact the

national research council and the defence research board together, we feel, are filling adequately the needs of science. I may say we have watched the services of those two boards and considered the way in which techniques should be extended to the social science fields in particular with regard to the library. The national librarian is very well aware of that and of the complex body of materials referred to as documentation. I might just add that the library purchases consist almost entirely of reference works for a basic reference collection; that is, dictionaries, encyclopaedias, bibliographies, indexes, and so on.

Another field in which purchase has been made is that of books relating to Canada which are published abroad. Then there is a selection of current books published in Great Britain, France and the United States that appear to have fairly long term value for reference purposes. Special purchases are made when the opportunity offers, and I might mention a purchase of which we are very proud which was made recently, namely that of the Scholes music collection. As hon. members may know, this is a particularly fine nucleus for a music library, a collection made by Percy Scholes, who was not only a very fine musical scholar but a historian of note. We are most fortunate in having this collection in the national library.

In addition, I might just add that all our acquisitions do not come through purchase; many rare books and collections have come to the library either by request or gift. The Howe papers have been referred to by two hon. members. I might tell the committee that those papers are still the property of the estate at the present time, and although we have hopes, the conditions of access have not yet been determined. I do not know how many members of the committee realize that the archives is open 365 days of the year, 24 hours a day. Scholars may investigate to their hearts' content there, having made arrangements with the archives for research which they wish to do, at any hour of the day or night.

One other matter was touched upon, on which I should like to make comment. I refer to the comments with reference to establishing and making available service in the field of genealogy. This is a very expensive service, and most libraries and archives have had to curtail such service owing to the costs. At the present time the archives searches census returns up to 1871, old land records and early military records. I might add that the archives itself does thousands of searches every year.

Mr. Fisher: The hon. lady said that I may have left or created an unfortunate impression. I think she must refer to the suggestion that because Dr. Lamb is not a librarian but is merely an archivist—that is, in the professional sense of the term—he has not pushed as hard for the national library as he might have. I am afraid this is an impression which I have encountered among some librarians, especially those at a distance from Ottawa. I would not like to feel that I left that impression, because I can just imagine it was quite a bit of heartbreak to Dr. Lamb when the national library was not proceeded with.

I should like to make a couple of comments upon the genealogy service. The minister has indicated briefly that it is a very expensive service. I am quite aware of this, and also of the fact that many people tend to think that if they fire off a letter to the government service or even to their member of parliament they should be entitled to a great deal gratis. I know I had a letter the other day from a man who evidently wanted me to provide him with publications totalling in value around $60 or $70. Evidently he just assumed that this was a government publication and that he could get it. But I think we must spell out more publicly, that is to say by way of public relations in the face of increasing demand, just what can be provided in genealogy terms because, with respect to so many people in Canada, once you get back several generations you have to move overseas. There should be some kind of attractive plan to make that type of publication available to our people who want to trace sources in England and in other countries in Europe from which so many Canadians seek their ethnic trail.

We have had a big hassle over the census form this year; we have incurred an expenditure of $170,000 to provide forms so that we can take care of the sensitivities of one group in this country, and it appears we may have outraged some of the feelings of another group. To answer the question in the form is going to require our chasing the ethnic trail on our fathers' side, and I know how difficult it is going to be; but the irony is that as Canada gets older and we become more stable, more and more people are going to be interested in tracing back their ancestry, and I just thought that in finding one's way through the maze of genealogy this particular agency, either the archives or the national library, would be able to give a great deal of help in at least setting out sign posts.

The minister has indicated that the national library is interested in documentation, and I should like to give a specific example. I have been bothered that the Canadian library association has to go before the Canada Council to get a grant to produce

the Canadian index, which I think the public archivist or national librarian will concede is a most important reference tool. I think he will also concede that it is typically Canadian and cannot be sold on any remunerative basis to cover the total expenses.

For the last several years it has been supported substantially by the Canada Council; yet we have been told by the head of the Canada Council, both the late Mr. Claxton and Dr. Trueman, that there is no intention on the part of the Canada Council to make this a continuing thing, that the set-up of the council is not such as to permit a whole block of its funds to be gradually nailed down for recurring expenses. This is a popular form of documentation and indexing, but it is immensely useful and at the same time there is no possibility of the service becoming self-sustaining. It is very much a public service.

What contribution can the national library make to this particular indexing; and, since this is a Canadian indexing service, why should it not be the kind of responsibility that the national library undertakes? In essence Canadiana is performing this function for the more permanent kind of publication and the Canadian index of periodicals is, of course, our means of keeping up to date with what is going on in all the periodical publishing fields in Canada. If the national library were to undertake this kind of chore, which seems to be properly within its function, I suggest that it should expand the index so that it will provide the kind of over-all service in the publications field that is not being provided at the present time by the Canadian library association.

The minister has said that the duties of archivist and national librarian dovetail very naturally. In an administrative sense this seems reasonable. I would assume that Dr. Lamb is primarily an administrator, but the point I was trying to make to the minister was that librarianship has become an extremely specialized field. In the field of documentation there is a complexity and a growing experimentation, I might say, in an effort to keep on top of records, and this is one of the outstanding developments of our times in the academic and research fields.

I suggest that the function of the archivist is much different, because archives by their very nature are confined in the main to records of the past and, in the present day, confined properly to public records of the past. While there are common problems in respect of cataloguing, indexing and control of these things, I suggest that librarianship has become more specialized, and that is why I personally feel that the whole field of librarianship would gain through having as head of the national library a man who was a librarian and who was at the administrative pinnacle in that particular field.

The last point I wish to touch on in these remarks has to do with the suggestion of the minister that the conception of the national library collection has already been well worked out, and there is to be no overlapping in the field of science with the defence research board library or the national research council library. This is fine in that particular area, but I should like to know what is being done about the collections in other Ottawa offices. One of the problems that drives me up the wall as a user of the library of parliament is that when you go there and want a technical book on a specialized subject the library does not tend to have it. It has what I think is a pitiful collection in the economic field, particularly in connection with our resources in the field of forestry and allied fields. If you will take a ruler I think you will find that the books in the field of forestry cover 48 or 50 inches in the library of parliament. This is all the information that is available when we go looking for something to help us to deal with the problems that arise and try to help these industries.

This is all very well as a criticism of the library of parliament. You can go there and ask for a book in this particular field. They say that the forestry branch has an excellent library in this field and that they will get the material for you. I will concede that it does seem unreasonable to place within the library of parliament a specialized or extended collection on forestry and all these other fields for the use of maybe 265 members of parliament or a fraction thereof when just seven, eight or nine blocks away there is a magnificent, well indexed collection on forestry in a library staffed by people who know its contents intimately.

The very same criticism applies to the national library and its scope. Dotted across Ottawa we have these various government libraries. The economic research branch of the Department of Labour has a fairly extensive collection. In fact its collection in this field is a topnotch one. The Department of National Health and Welfare has a good collection. Fairly strong efforts are being made to keep these collections up to date and on a continuing basis, and to provide current reference service to the administrators. Service is also provided to the general public and members of parliament.

As a consequence of these departmental libraries in Ottawa, the spectrum of knowledge is fairly well covered. I will not say it is completely covered, but there is this coverage. What sort of overlapping are we likely to get in the national library? Is there

a plan to take much of the older material from these collections and put it in the national library? The minister suggested in her reply that the concentration was going to be in the field of social sciences. What does she mean by "social sciences"? Just how embracing is that? For example, is Canadian literary history a phase of social science? What kind of collection of novels is planned for the library? Is the library going to concentrate upon Canadian publications, or is it going to be concerned with the best that has been thought and said in the literary field?

I should like to know whether the national library is going to specialize in the collection of federal and provincial records and publications, or is it going to collect those of the commonwealth or of the world generally? Is it planned to have a supply of the "Congressional Record" on hand? Is the national library going to take over responsibility for the collection of all United Nations publications? I should like to have these questions answered in order to have some idea of the collection that is going to grow in the building we are going to have some day.

Mrs. Fairclough: In answer to a couple of the comments of the hon. member, I might say that ever since the library came into existence in 1952 it has published the Canadian index of periodicals and documentary films. I think the hon. member regretted that there was no such publication available. It has been published every year.

Mr. Fisher: Not by the national library.

Mrs. Fairclough: Yes, by the national library.

Mr. Fisher: The Canadian index of periodicals?

Mrs. Fairclough: The annual Canadian index of periodicals and documentary films has been published every year by the national library since 1952, when the library first came into existence.

Mr. Fisher: What publication is it that is issued by the Canadian library association and supported by the Canada Council?

Mrs. Fairclough: The Canadian library association compiles and puts out monthly mimeographed editions. The national library puts these together into a comprehensive index which is an accumulation of the monthly editions.

Mr. Fisher: While I am concerned with the Canada Council paying a considerable part of the cost for this particular service, my question was directed to why this cost was not taken over completely by the national library. I am sorry I missed recognition of that part so far as the cumulative publication is concerned, but I realize, as I am sure the minister does, that the main cost concerns the actual indexing proportion. The cumulative portion is mainly printing, and the charge is not great. If it is not the case that a very large contribution is being made by the national library, I would like to know how much more it would cost for the national library to take over this complete service.

Mrs. Fairclough: I cannot make an estimate of the additional cost. This is a matter that can be considered and possibly will have to be considered one of these days, but at the present time the information is not available. This whole problem covers a wide field involving many considerations, and I do not think that in a short space of time I can enumerate them all. If the hon. member would like a report in this regard I would be glad to have one prepared.

I might add also, with reference to his comments regarding the information being scattered around, that it is all catalogued, as he probably knows, in the union catalogue which is the key to all the libraries and the books therein. I was wondering as a result of some of the remarks the hon. member made whether he has ever visited the national library.

Mr. Fisher: Mr. Chairman, the reason I would like to know very definitely the role the national library thinks it should play is that we are going to have the Canada Council before the public accounts committee in a few weeks, and I feel that the Canada Council is trying to keep its recurring expenditures and grants as low as possible. If it is seriously considered that the national library could fill this role, it would then follow that there would be more Canada Council money available for scholarships and other things.

Mrs. Fairclough: I think the best solution to this problem is for the hon. member to consult the national librarian. I understand he has never done that. If he would make an appointment to call on the national librarian I am sure he would be glad to supply the hon. member with the information that is available, and I am sure this would serve his purposes.

Mr. Fisher: The minister made the point that I had never consulted the national librarian. There are a tremendous number of people whom I think all members of parliament would like to consult, but it is very difficult to get around to them all. I feel that members make an attempt to focus their attention on questions and suggestions in so far as the expenditures are concerned, and

I suppose primarily we should be interested in cutting them down. I was not trying to suggest, as my earlier comments will show, what in effect might be a cutting down of the whole thing by creating a grand institutional library. I am quite pleased to hear that this is not being conceived. If I can break it down more particularly to Ottawa libraries, I know there is a union catalogue; I also know that libraries are growing all the time, and that union catalogues go out of date. It is a large job keeping them up to date.

Mrs. Fairclough: The hon. member is quite wrong. This catalogue is kept up to date all the time.

Mr. Fisher: Yes, I know that the catalogue is kept up to date all the time, but I was going on to say that this takes considerable time on the part of the librarians both in regard to storing the books and in having the index prepared. What I am trying to get from the minister, and I would appreciate a statement from her not at this time but in the future perhaps in letter form, is how the libraries in the public service in Ottawa are going to dovetail in with the national library. I am not speaking in terms of a catalogue that will be kept by the national librarian, but in terms of the actual coverage and placing of books. Because we have a national health and welfare library, will everything in that field be primarily the responsibility of that department and not that of the national library except in so far as indexing or cataloguing is concerned? Will this also apply to the Department of Justice library in the supreme court building, which I understand tends to be a growing one? I would like to know what the liaison is in this field which prevents duplication.

The point that intrigues me is that if these departmental libraries build up their collections in a good way, as I assume most of them are doing, they finally will reach the stage of competition with the national library in terms of its collection because, as I suggested earlier, the government of Canada in its libraries is covering almost the whole spectrum of publications except perhaps in the literary or historical field.

Item agreed to.

The Deputy Chairman: That completes the estimates for which the Minister of Citizenship and Immigration is responsible. We now go to the Department of Agriculture, vote No. 1. This vote will be found on page 4 of the blue book; the details are on page 93.

[Mr. Fisher.]

DEPARTMENT OF AGRICULTURE

Administration branch—

1. Departmental administration, including advisory committee on agricultural services, $991,098.

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Chairman, in presenting the estimates of the Department of Agriculture for the fiscal year 1961-62 I should like to point out that the summary and the details of services reflect certain organizational changes which have taken place.

During the past year responsibility for the Canadian wheat board and the board of grain commissioners was transferred to the Minister of Agriculture. Also during the year the forest biology division of the research branch was transferred from the Department of Agriculture to the Department of Forestry. The total to be voted to the Department of Agriculture in these estimates is $122,202,-953. This includes the amount required for the board of grain commissioners, which is $6.5 million.

There is, of course, no estimate provision for the Canadian wheat board. However, the amounts shown as authorized by statute include $49 million for payment of carrying costs under the Temporary Wheat Reserves Act and $920,000 for the provision of interest free cash advances to western grain producers. These items were previously carried in the estimates of the Department of Trade and Commerce. The amount to be voted, plus that authorized by statute, comes to a total of $172,181,953. The corresponding figure for 1960-61, as shown on page 2, is $205.7 million.

This latter includes the figure for the present fiscal year for the board of grain commissioners for carrying costs of wheat reserves and for advance grain payments. It does not include the amount voted in 1960-61 for the forest biology division. The amounts and details shown for 1961-62 and 1960-61 are therefore drawn on a comparable basis and reflect the requirements for and expenditures on the activities now conducted under the Department of Agriculture.

The committee may be interested in a broad break-down of the $122.2 million among the main categories of departmental activities. The amount required for research is $28.8 million, which is 24 per cent of the total. The administration of legislation requires $32.4 million, or 28 per cent of the total. This covers the wide range of legislation administered by the department, including the grading of farm products, animal and plant health, the Canada Grain Act, the Prairie Farm Assistance Act and the Agricultural Stabilization Act. For rehabilitation, which includes P.F.R.A. in western Canada and

M.M.R.A. in the maritimes, $27.2 million is required. This is 22 per cent of the total. Grants and subsidies require $31.2 million, which is 25 per cent of the total.

The main item in this category is freight assistance on western feed grains, for which $20 million is provided. Included in this category also are quality premium payments on hogs and cheese, lime assistance, grants to fairs and exhibitions and to agricultural organizations. The balance of the vote, some $2.6 million, is required for departmental administration, which includes the economics division.

The committee will note that the amount to be voted in these estimates is $40.5 million less than that granted for the 1960-61 fiscal year. The figure for the present fiscal year, however, includes supplementary estimates to date, the largest item in which was the $42 million for western grain producers' acreage payments. Excluding that amount, these estimates show an increase of $1.5 million over the amount provided for the year ending on March 31.

It will be noted in the details that there are increases in some votes and decreases in others. The largest category of increases is for salaries, which are higher by $7.6 million, due mostly to increases in salary rates. The actual staff increase provided for next year is the equivalent of 73 positions, which is six tenths of 1 per cent of the present staff total. The next largest increase, of almost $2 million, is in the vote for construction of works under land rehabilitation. This is accounted for by greater activity in the construction of the South Saskatchewan dam. In fact $2.6 million more will be required for that project in 1961-62 than was required in 1960-61.

I may say that construction of the dam is proceeding at a satisfactory pace, and on schedule. Stage 1 of the embankment has been completed and stage 2 is nearing completion. Work is proceeding on the downstream diversion tunnels. Contracts will be let shortly for the upstream diversion tunnels and for stage 3 of the embankment.

I think I need not take the time of the committee at this stage to go into details of individual items of expenditure. I know that many hon. members of the committee will be interested enough to discuss these subjects under the respective votes. I do wish to say a word about farm income. In any analysis of farm income in recent years it soon becomes apparent that after the war we were in what can be described as a sellers' market. This was the period of reconstruction in Europe; this was the period of the Korean war. Since about 1953, and possibly starting with the calendar year 1954, we have entered into a buyers' market. Our Canadian industry and Canadian farmers are now faced more than ever before with the crash of competition.

I thought the committee might be interested in seeing just how we were making out in increasing farm income in this period of the buyers' market, or this competitive period which we are now in. I have put together some figures obtained from the dominion bureau of statistics. These figures give total cash income, which does include supplementary payments by the federal government.

I am going to read these figures by calendar years. Perhaps some hon. members will wish to copy them down, so I will read them slowly enough for that to be done. In 1954 the total cash income was $2.378 billion; in 1955 it was $2.384 billion; in 1956 it was $2.647 billion; in 1957 it was $2.575 billion. If one adds these figures together and works out the average, the average total cash income for farmers in Canada for those four years, the first four years of the buyers' market, comes to $2.493 billion. The figure for 1958 was $2.873 billion; the figure for 1959 was $2.808 billion; the figure for 1960, which is not yet final from the D.B.S., was $2.861 billion. If you add the last three figures you will find that the average total cash income for each of those years was $2.847 billions.

Therefore the conclusion which can be derived from this analysis is that during each of those three calendar years there was an increase in the total cash income to the farmers of Canada amounting to more than $350 million. I think this does indicate in some measure the efforts of the government not only to stabilize farm income but to increase it.

Mr. Argue: May I ask a question at this point? Does the minister have any figures or statistics showing the increases in the cost of production over the same period of time?

Mr. Hamilton (Qu'Appelle): I will deal with that later on when I deal with net income.

The full picture cannot be appreciated until we examine how many farmers there are. There has been a steady decline in the farm population for many years now, so I will give the figures of the number of farmers and then relate them to income. In 1954, in round figures, there were 594,000 farmers in Canada. In 1955 there were 584,000; in 1956, 575,000 and in 1957, 565,000. If you average the number of farmers in those four calendar years the figure comes to approximately 580,000 during that four-year period of the buyers' market. In 1958 the number of farmers is estimated at 555,000. In 1959 the figure is 546,000 and in 1960, 536,000. If you average the number of farmers during that three-year period the figure is approximately 545,000.

Now, if one takes the average number of farmers in the first four years of this seven-year period of the buyers' market and divides this income among those farmers, the figure of cash income for the years 1954 to 1959 inclusive is $4,303. If one takes the numbers of farmers for the three-year period 1958 to 1960 inclusive and divides the income for the same period among those farmers, the income per farm comes to $5,214. Therefore, comparing the four-year period 1954-57 with the three-year period 1958-60, there is an increase in cash income amounting to $911 per farmer.

It is obvious that this increase in cash income per farm is due, first of all, to the efforts which we have been making to increase farm income and, second, to the fact that there is a smaller number of farmers. By placing these two sets of figures in juxtaposition one can draw, I think, fairly sound conclusions.

Having put on record those figures which deal with total cash income, I should like now to deal with this question which has puzzled farmers for 25 years, namely why it is that farmers do not receive what they call a fair share of the national income. It is not too easy to find some group in our economy which is comparable with the farmers. The only group I can find which seems to give us some basis of comparison comprises those who are engaged in unincorporated non-farm business. So, from the dominion bureau of statistics labour force survey, I am going to put some figures on the record which I think will show how we are making out in our deliberate policy of seeing what we can do to bring farm income up to a fair share of the national income.

The figures I intend to quote now are net farm returns per farm. In 1954 the figure was $1,792. In 1955 it was $2,376. In 1956 it was $2,836, and in 1957 it was $2,133. Adding and averaging, one gets a figure which shows that during this four-year period of the buyers' market the net income of farmers was $2,284. But one should compare this with the income of non-farm unincorporated business. In 1954 non-farm incorporated business received, on the average, $2,883. In 1955 the figure was $3,162; in 1956, $3,341; in 1957, $3,351. The average for this period received by non-farm unincorporated business was $3,184 as compared with $2,284 by the farmers. Put as a percentage of farm income, and relating this to the net income of the non-farm unincorporated group, the farmers received 71.7 per cent of the income received by a reasonably comparable group.

Looking at the figures for the years 1958 and 1959, net farm income in 1958 was $2,891 and in 1959, $2,643. Naturally, we have no figures yet for 1960 and we shall not have those figures for some time, but those two years I mentioned give an average of $2,767. Non-farm income has been increasing as well in the last two years. In 1958 it was $3,563 and in 1959 it was $3,619, or an average for those two calendar years of $3,591. Expressing these figures as a percentage of net farm income, as related to non-farm income, the percentage for the last two years is 77 per cent. Therefore during the last two calendar years of the buyers' market as compared with the four previous years of the buyers' market, farm income as a percentage of non-farm income for a comparable group has risen from 71.7 per cent to 77 per cent.

I have been looking at the figures for the first three quarters of 1960. I suggest that when the figures are finally calculated for the calendar year 1960 they will reflect this same upward trend in percentage. Therefore, even though the gradual gain in farm net income as compared with non-farm net income is obvious, it indicates that at the rate we are going it will take about ten years to bring farm net income up to the same percentage level of non-farm income. I put these figures on the record to make clear just one fact, that I do believe we are closing the gap, and this was our intention.

I think it is necessary for me to point out that when one analyses the farm income of this country product by product and region by region, it soon becomes clear that the most variable area is the prairie province area. It soon becomes clear also that the most variable commodities in rate of return are the grain products of western Canada. Therefore it is clear that any government in charge of the selling of wheat, oats and barley has as a first duty to press forward in every way possible to increase the sales of western grain.

I need not tell a committee composed of hon. members knowledgeable with respect to the relationship of eastern and western agriculture that if western Canadian grain is not sold in export markets, the pressure on farmers in every part of the country grows. Therefore it is in the interests of farmers in every part of Canada to closely examine the efforts of the government in the selling of grain in the export market. I do not intend to make any predictions as to what the final total sales will be during this crop year, but I do intend to say something about the efforts we are making to sell grain. I am of the opinion that a good deal of credit goes to my colleague, the present Minister of Veterans Affairs, for the efforts he made through the wheat board in making direct contact with our main customers and in moving into what I call the new market areas

to establish the preliminary contacts to make known the type of wheat we have and its particular qualities that would be an advantage to those countries if they used it. This means there has to be a concerted sales effort. In addition to the general approach of the salesman, we must have a concentrated attack on all the problems that are associated with the selling of this product.

It has become very obvious, I believe, that if we are to continue to sell our flour and wheat in some areas of the world we are going to have to exert every effort at all levels to establish flour mills in those countries and provide the bakeries and demonstration units that must be associated with them to get the maximum consumption of bread in countries that have not used bread before.

We are in full course on this program. It is not going to be easy, because we have competitors in the sale of grain all around the world who have the same idea. We have individual promoters in various countries that are actively seeking the same type of opportunity as individuals or groups. However, it will be of interest, I know, for the committee to be aware that we are in full course on this policy ourselves.

Another point I should like to mention in this connection is that it is now very obvious that there are other things for which wheat can be utilized besides the traditional product, bread. It is no secret that thousands of years ago wheat and barley were used as a staple diet not in the form of bread. In many countries of the world where the tendency to turn to the use of the new product, bread, is slow, it might be possible for us to sell wheat ready for human consumption closer to the natural form.

I want to close off in the next few minutes after making known to the committee what we are doing with respect to another aspect of our sales efforts. Starting January 1 we set up under the Canadian wheat board a technical services and market research division, the objectives of which are as follows:

1. To assess at first hand the raw material requirements of the wheat consuming industries in all the potential and actual wheat importing areas of the world.

2. Where it appears likely that Canadian wheat or flour may be used to advantage in such markets, to work with the consumer industries to the end that they become aware of the advantages that can accrue from the use of such wheat or flour. In areas where the consuming industries are already adequately aware of the advantages offered by the use of Canadian wheat, to maintain close liaison with industrial and government technical personnel to ensure the maximum dissemination of technical information and know how, concerning Canadian wheat and flour.

3. To establish and maintain technical liaison in the areas of grain handling, wheat breeding, quality assessment and milling and baking in those countries which export wheat, or which could become exporters of wheat, of a type potentially competitive with any of the various grades of Canadian wheat.

4. To establish liaison with government officials and scientific personnel in underdeveloped countries which might develop in time a bread eating habit. To offer assistance, in these areas, in the establishment of cereal laboratories and in setting up quality criteria.

5. To write, edit, translate and publish such bulletins, pamphlets, press releases, etc., as appear useful in support of the objectives listed under item 2.

At the head of this new division we have a topnotch cereal chemist, a young man. We have as his assistant an expert on Canadian milling. Serving under them will be four or five younger men with multilanguage ability who will learn the techniques of Canadian milling and the chemical properties of our grain and will be able to deal directly with these countries in their own language to make our present and potential customers aware of how they can use Canadian wheat to better advantage. I think this is the type of thing a corporation would do in selling its products through familiarizing the consumers with the best uses of the products it has available.

I thank the committee, Mr. Chairman, for allowing me to run over the normal hour of adjournment for a few minutes. If hon. members will bear with me for another few seconds I will conclude these remarks.

I cannot, as Minister of Agriculture, let this occasion pass without expressing to the committee and to the country my deep concern and anxiety over what would happen to our growing wheat export sales if there were a major rail strike at a critical time during the movement of grain to tidewater, particularly on the west coast. The consequences to the western farmer would be nothing short of catastrophic. I appeal to labour and to management to approach their responsibilities in the full realization of the public interest involved.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

(Translation):

Mr. Boulanger: Mr. Chairman, following the remarks made before the lunch recess by

the Minister of Agriculture (Mr. Hamilton), when he submitted his department's estimates, I wonder what will be the reaction of the Canadian farmers and, particularly, the farmers of my province.

He quoted figures about the net income of farmers in order to prove that their position in 1960 is better than it was in 1954 or in 1955. But he made no mention of the cost of production index, nor of the spread between production costs and prices of agricultural products; he did not mention farm markets, imports, exports, nor did he refer to the question of butter, hogs and eggs. He did not deal with the Agricultural Stabilization Act, particularly with regard to western grain, in spite of the promises made in 1957 and in 1958.

The minister said that in the main estimates for 1961-1962, certain items had been transferred to the Department of Forestry and so on, and that the estimates of the Department of Agriculture showed an increase of $1.5 million for the fiscal year beginning April 1, 1961. The main items he mentioned refer to research, where the increase reaches 24 per cent, to administration, with a 28 per cent increase, and to expenditures resulting from subsidies, which went up by about 25 per cent. He added that the cost of implementing the rehabilitation and irrigation program has increased by 25 per cent.

It all looks very interesting when only increases are mentioned. But he did not deal at length with the decrease in certain items. However, we shall have the opportunity to raise this matter while these estimates are under consideration.

In the field of agriculture, as well as in the fields of trade, finance, taxes, unemployment and several others, the over-all situation is such that the farmers are losing confidence in their government and, what is more serious still, are losing confidence in their profession. Who would not lose confidence after the fabulous promises made in 1957 and in 1958 by the Prime Minister (Mr. Diefenbaker) and his candidates when comparing them to the actual facts?

We recall the promises made during the 1957 campaign by the Prime Minister himself when he said in Toronto:

> We shall provide farmers with their fair share of the national income by a price support policy for farm products which will be related to cost prices.

And he added:

(Text):

> Parity not charity.

[Mr. Boulanger.]

(Translation):

During the 1957 session, which preceded the 1958 election, the government saw fit to introduce a bill aiming at the passage of an act for the stabilization of the price of agricultural commodities.

The preamble of that act was of course very promising; it read as follows:

> Whereas it is expedient to enact a measure for the purpose of stabilizing the prices of agricultural commodities in order to assist the industry of agriculture to realize fair returns for its labour and investment and to maintain a fair relationship between prices received by farmers and the costs of the goods and services that they buy, thus to provide farmers with a fair share of the national income;
>
> Therefore, the government—

However, after the 1958 election, we saw the government repudiate its promises. Here is the evidence. When, on February 23, 1960, the Liberals moved a non-confidence motion which was in accordance with the preamble of the Agricultural Stabilization Act, 172 Conservative members voted against the motion. In doing that, they voted against their own legislation, against the principles incorporated in that legislation the object of which was to provide farmers with their fair share of the national income.

There are several signs which show that farm income went down in 1959 and 1960, as compared with 1958, the year we were obtaining the full benefit of the legislation passed by a Liberal government.

Mr. Chairman, I will now give figures which do not tally with the ones presented by the Minister of Agriculture this morning, although they are from the dominion bureau of statistics. I quote:

> As a matter of fact, the cash income from the sale of farm products, including payments made under the different acts providing assistance to western farmers, totalled $2.8 billion in 1958, $2.786 billion in 1959 and $2.783 billion in 1960.

We have therefore a continuing reduction of income, in spite of all the legislation passed since 1957 in an effort to stabilize farm income.

If the supplementary payments that are provided under the legislation passed in favour of the western farmers are substracted, we find that the decrease is in the amount of $160 million.

As a matter of fact the cost to the Canadian taxpayers for meeting the commitments under the farm legislation was $77 million in 1960, $22.1 million in 1959 and $60.1 million in 1958.

Moreover, while the farmers were receiving less for their products, they were not paying less for the commodities and services they bought.

The Minister of Agriculture should have told us what has been the increase in the case of commodities and services bought by the farmers these last years.

If we take a basis of 100 for the period 1935-39, we see that the index of goods and services purchased by the farmers in 1956 was 247.6. It went up gradually and in 1957, it was 255.9, in 1958, 259.9, in 1959, 269.5 and, for the first three quarters of 1960, it was 274.4. That means that since 1956, this index has gone up by 26.8.

Let us take now the index of agricultural products sold on the farm. Using the same basis, we see that in 1956, that index was 234.6. It went up in 1958 and in 1959 but went down again during the first 11 months of 1960 to reach 234.7 or nearly the 1956 level.

Therefore, we see that the cost of goods and services purchased by farmers has gone up while the sales price index of farm products is at the 1956 level.

How many times have we heard that the Conservative government would give the farmers the share of Canada's wealth to the production of which they co-operated?

But what is even more serious is the fact that the government and more particularly the Department of Agriculture has just announced in the farm review for January 1961, that the 1961 income would remain at the 1960 level.

When will this government keep its promises? When will it give parity, not charity? When will it put back in each farmer's pocket the $120 that the Liberal government took from him in taxes each year?

Now, I should like to quote what the Minister of Agriculture stated recently to a group of dairy farmers of Canada at a meeting held in Vancouver.

I want to quote these few words to show how the statements of the Minister of Agriculture in this house can differ from the ones he makes elsewhere.

Here is what he said:

(Text):

The purposes are, first of all to take out the ups and downs and to stabilize prices; the second purpose, in so far as products consumed in Canada are concerned, is to use this as a platform on which we can begin to build up the returns to agriculture so as to give them a fair share of the national income or, in other words, moving towards parity of income. This is not charity—this is using the legislative power to give the farmer some of the protection that the other segments of the economy have had. You all know what I am talking about.

The working man has the protection of provincial legislation which sets the minimum wage. He has the protection of the tariff for the goods that he produces for the home market. He has the protection of unions if he works in an organized industry where the union bargains to make sure that he gets his share of the national income. The farmer has not got this kind of help. The businessman also has the protection of a tariff if he is producing for the home market. He has the right to set his own price on the basis of cost, plus a reasonable return. The farmer cannot do that and outside of a few places and commodities where the marketing boards have been used as a bargaining agency the farmers, generally speaking, cannot secure that type of protection.

So what the government has done here is to take advantage of the fact that the federal government is concerned in the future of interprovincial marketing. We have tried to build into the system that act which for the first time is beginning to attack this problem of instability of prices, and to use prices as a device to support and, if possible, raise income.

(Translation):

Since 1957 we have been hearing remarks of that kind from our ministers.

What do they want to say? After the results achieved in farming in the last four years. the remarks of the new Minister of Agriculture today should amount to more than so much hot air. Indeed, the minister should have told the producers to what extent they will have to contribute toward economic activity in the years to come.

Mr. Chairman, I would now like to address myself to the situation of feed grain deliveries in the eastern areas during the summer, until the closing of navigation. We learned in the newspapers that from August to the end of the navigation season, in the harbours of Montreal, Quebec city, Baie Comeau and others, a number of ships were waiting in line for two, three and even four weeks in front of elevators full of grain, particularly wheat for export. Those ships could not unload their cargoes, and there was no feed grain on the eastern markets.

In the meantime, our farmers were having all sorts of difficulties in getting supplies, and when they could get them they had to pay a high premium. Now, this shortage of feed grain on the eastern markets, was due to a decision of the Canadian wheat board to ship only export grades to eastern ports. Incredible losses of the order of $1,000 to $3,000 daily were suffered by ship owners, not to mention the loss suffered by farmers

who saw their operating costs increase on account of the higher prices they had to pay for their feed grain.

Although the oats crop will be considerably increased this year over last year, the Canadian wheat board charged 84½ cents a bushel for October oats, compared with 60 cents a bushel paid to western producers, at Fort William.

The feed grain requirements in the eastern areas amount to more than a hundred million bushels a year; and from October to the end of the navigation season, close to 50 million bushels must be shipped to fill the requirements for the winter months. There is not much publicity about this 100 million bushel eastern market, but when a few million bushels are sold abroad, the publicity machine of the Department of Agriculture starts rolling at once. Because of the lack of interest shown by the Canadian wheat board and the government, the eastern farmers will have to pay $300 more per carload for moving their grain than it would have cost them if that grain had been moved by ship at the proper time.

Another consequence the farmers will have to bear will be the one resulting from the discriminatory policy carried out by the board and the government since a decision was made last December 28. May I recall the words used by the Prime Minister himself in a speech made in his home town of Prince Albert, when he said: "From now on, the western mills may also buy their oats, barley and wheat in their own provinces, directly and on the open market, at lower prices than those asked by the board for the domestic market in the east."

Unfortunately for the eastern farmers, he stressed the fact that his government was not taking any position which might be the slightest cause of trouble for the board.

With these words, the Prime Minister gave a blank cheque to the grain mill owners, allowing them to organize for integration. Indeed, with the considerable amounts which they have at their disposal, they will build chicken ranches, pig farms and even packing plants and ultimately take over from the farmers in this country. Then, they will be able to pay their own price for their grain without considering the wheat board or the grain producers.

It is strange that the prairie farmers, who always supported the Canadian wheat board, should have asked for an authorization to sell their grain without being subjected to the regulations of the board. Since then, they get prices 50 per cent lower than they were getting through the board. Today, they are selling their surplus to the grain mills, to other elevators, to other livestock producers, or else they have to increase the number of their animals to use up their grain.

I should like at this point to deal with two particular areas of the province of Quebec which are affected by feed grain prices, the lake St. John and Chicoutimi areas.

I deplore the fact that the hon. members for those two regions are not in the house to learn of the situation which prevails there.

Mr. Grafftey: There are not many Liberal members in the house at this time.

Mr. Pigeon: This matter should also be of interest to the hon. member for St. Jean-Iberville-Napierville (Mr. Dupuis), and yet he is absent.

Mr. Boulanger: Mr. Chairman, Canada's subsidy legislation contains rules that are detrimental to certain regions. I will explain how that is so.

To show the difference in transportation costs paid by the farmers who buy grain, I have chosen two points equally distant from Quebec city.

A freight rates analysis shows that the rate between Quebec and Roberval, a distance of 188 miles, is 36 cents. On the other hand, for the same distance, or almost—189 miles—from Quebec to Bic, the rate is 32 cents during summer and 42 cents during winter, or an average of 37 cents.

At this time, the rates between Roberval and Quebec, and Bic and Quebec are identical, to a cent or so, but when we take the grants that are paid towards grain transportation, we notice that the Roberval area receives 43 cents per hundredweight while the Bic people get 67 cents in summer and 68 cents in winter.

Mr. Chairman, that enables us to see the difference between the grain rates in two areas equally distant from Quebec city, and it shows that the lake St. John farmers are at a disadvantage.

Mr. Chairman, I could quote other figures for the towns of Normandin and Mont Joli, which are located respectively at 219 miles and 217 miles from Quebec city, as well as

figures for Chicoutimi and Mont Joli which are located respectively at 228 miles and 217 miles from Quebec city.

Mr. Chairman, I suggest that the minister should make a survey of the freight rates and tell us in a not too distant future what he intends to do in order to give justice to the lake St. John and Chicoutimi farmers.

In fact, those farmers should be treated on the same basis as those of the rest of the province of Quebec.

The farmers in both these areas have accepted huge sacrifices to remain on the agricultural map of the province of Quebec. They have kept abreast of technological advance, improved their farms, set up co-operatives, and particularly a co-operative packing plant which made it possible to process on the spot meats to be distributed in the area. They have invested millions of dollars, and if their situation does not improve soon, it will become untenable.

It is only with great efforts and sacrifices that those farmers have been able to establish organizations which are the pride of the area.

If they are to preserve the millions of dollars invested in their organizations, it is logical that the government play its part now and treat those farmers in the same way it treats the other farmers in the province.

What I feel can fairly be asked on behalf of the farmers in the province of Quebec is this:

1. The same grain transportation grants for farmers of Saguenay and lake St. John areas as the grants now being paid to the farmers in the other parts of the province.

I wish to point out that transportation costs have increased from 25 cents per hundred weight in 1939 to 66 cents, while those in western Canada did not increase correspondingly.

I think the responsibility to make up for the C.N.R. deficits does not rest with the farmers of Quebec, and especially not with those in the Saguenay and lake St. John districts.

2. That the co-operatives, the mills and the farmers should have free access to the feed grain market of western Canada, on the same basis as the western mills. That they should not be compelled to negotiate with the Canadian wheat board.

In the United States, the grain trade is free. The producer may sell to the government or on the market. That is why he can compete with the Canadian market, specially in the poultry field.

(Text):

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

Mr. Boulanger: No. After I have finished.

(Translation):

American corn is sold for more than 10 per cent less than the Canadian corn number 5, in spite of a custom duty of 8 cents per bushel and the absence of any transportation grant.

(Text):

The Deputy Chairman: Order. I am sorry to interrupt the hon. member, but his time has expired.

Mr. Argue: Let him finish.

The Deputy Chairman: Does the committee unanimously consent to the hon. member continuing?

Some hon. Members: Agreed.

(Translation):

Mr. Boulanger: Mr. Chairman, I wish to thank the members of the committee for allowing me to complete my remarks, and I can assure you that I shall be rather brief.

If the government does not want to agree to a free market, let there be increased assistance to transport of grain to the east, in order that producers may be on the same footing as those of the prairie provinces.

3. A representative of the east, qualified to explain and defend the eastern farmers interests, should be appointed to the executive of the Canadian wheat board.

4. A grain transport co-ordinator should be appointed to look after supplying eastern farmers at the proper time, so as to spare them the extra cost of rail transport during winter.

5. Demurrage cost on cars which are not unloaded 48 hours after their arrival should be removed, as is the case for cars remaining on the tracks at Fort William.

Since the Conservative government has been in power and prior to the ministerial reshuffle last fall, the fate of agriculture in Canada has been in the hands of a prime minister, of a minister of agriculture and of a minister of trade and commerce, the three of them representing prairie provinces. Their dream, and that of the present Minister of Agriculture, was to make of Canada the paradise of farmers. They have made promises but they have not kept them. If we look at agriculture today we realize that the small farmer did not get the promised parity, but merely charity.

(Text):

Mr. Hamilton (Qu'Appelle): Mr. Chairman, when the hon. member was attacking the Canadian wheat board I wondered about this one fact. Does the hon. member think that

the Canadian wheat board has any control over the marketing of oats and barley in eastern Canada?

Mr. Boulanger: I know that when farmers in the east want to buy grain they have to go to the wheat board and pay about twice what feed mills are paying right now in the west.

Mr. Hamilton (Qu'Appelle): I think the hon. member may have misunderstood my question. I wonder whether I could be permitted to correct the record at this time. The Canadian wheat board has nothing whatever to do with the sale of domestic grains in eastern Canada. This is a function of the private grain trade, which includes the co-ops in Quebec. It is their responsibility to buy oats and put them into terminal elevators to sell to the eastern farmer.

The wheat board has a part in so far as it is the board's grain moving through channels to export, but so far as domestic grains are concerned the wheat board has nothing whatsoever to do with them east of Fort William.

Mr. Boulanger: When farmers in the east buy oats, barley or wheat, why do they pay twice what the feed mills in the west are paying right now?

Mr. Grafftey: That has nothing to do with the question.

Mr. Brunsden: Mr. Chairman, may I ask the hon. member a question? He has deplored the lack of a free market for grain. As I followed his remarks, he was speaking in a national sense. I should like to ask him if it is his belief, and the belief of his party, that the Canadian wheat board should be abolished.

Mr. Argue: Mr. Chairman, I am a little surprised that the hon. member for Drummond-Arthabaska is not rising quickly to reply to this very important question, since he is of course considered the official spokesman of the Liberal party—

An hon. Member: He is No. 2.

Mr. Argue: —on agricultural questions. My hon. friend, the No. 2 man, is something of an interloper.

An hon. Member: The hon. member for Essex East is No. 1.

Mr. Argue: No, the hon. member who has just spoken is No. 1. It is just that he gets pushed around once in awhile by the soya bean expert, the hon. member for Essex East. I listened with a great deal of interest this morning to the speech delivered by the Minister of Agriculture. There is certainly a great difference between the kind of speech made by the present Minister of Agriculture, and its manner of delivery, as compared with those made by the long term minister of agriculture of the former administration. This morning, the Minister of Agriculture spoke in quiet and deliberate terms. One would almost have thought one was listening to a very elementary lecture on economics as they affect the agricultural situation. The former minister of agriculture, of course, always spoke in a very loud voice, with great energy and with a glass of water in his hand. He fortified himself very frequently with water as he kept making his points.

Mr. Harkness: Which former minister?

Mr. Argue: I am referring to the minister of agriculture in the former administration. I said "the long term minister in the former administration", and I referred to the Right Hon. J. G. Gardiner. As for the present Minister of National Defence, I would not wish to go over the experience he had as minister of agriculture, but he was not a water drinker. The present Minister of Agriculture used a great many statistics this morning. The former minister, the Right Hon. J. G. Gardiner, was a master in the use of statistics and he used a great number of them whenever he spoke. But I think the present minister has put the former minister to shame. I think my friend Jimmie Gardiner would look like a backrow student who had just entered kindergarten compared with a professional like the present Minister of Agriculture as far as the use of statistics is concerned.

One would never think this was a minister speaking for the Conservative party which used to talk in such eloquent terms about parity prices, a fair share of the national income and an improvement of the farmer's position, or that he was the spokesman for a party which used to talk so eloquently on behalf of the small farmer. Now things have changed. What we got from the Minister of Agriculture when he opened these important estimates was not a review of the government's agricultural policy nor a projection of the prospects for agriculture in the years to come but, rather, a discouraging review of very deplorable conditions in this industry. The most significant figures which the minister used, in my opinion, were those which reflected the decline in the number of agricultural operators and they showed how quickly the small farmer is being pushed to the wall under this administration, as he was under the former administration.

I was surprised that the present Minister of Agriculture did not review this thing which they used to call the farmers' charter of rights, known about the country as Bill

237, under which farmers were to get this parity of income and receive by way of deficiency payment technique the kind of support prices for which they have been asking for so many years.

Mr. Brunsden: On a point of order, the hon. member for Assiniboia has used two terms—"pushed to the wall" and "parity prices". I should like to have definitions of those two terms.

The Deputy Chairman: That is not a point of order.

Mr. Argue: Some members around here learn slowly. The odd one never learns at all.

Some hon. Members: That's right.

Mr. Argue: Under this great charter of agricultural rights the farmer has not been faring well, and I think it was significant that the Minister of Agriculture did not refer in his discourse this morning to the effect of the prices stabilization act upon the prices which have been paid to the farmer. I was, of course, for many years a sharp critic of Mr. Gardiner because the average prices established under this legislation were not payable, as some of us felt they should be, directly to the producer, or they were not guaranteed to the producer. Instead, they were paid to the packing companies and the farmer had to deal with the packing companies and do what he could to get from them the established floor. The deficiency payment technique has provided little assistance to agriculture producers because there is no certainty about the way in which the legislation operates. There is no certainty that a farmer who receives less than the stated average national price will recover his losses. As a matter of fact, his chances of recovering those losses are very poor indeed. No deficiency payment has been made in respect of hogs, yet in at least three months, February, March and April, prices less than the stated national average were received by producers who marketed hogs in those months and such people have in fact incurred a very distinct loss which they have no hope of recovering.

This type of so-called support has been used in connection with the marketing of eggs and as in this field I suggest it has been a very dismal failure from the standpoint of the producer. If, as the present Minister of National Defence used to say, one of the purposes of this type of support was to reduce production at times when there appeared to be a surplus, then it has been successful. However, the reduction has been brought about by paying very low prices to producers and by providing nowhere near the national average price for all the eggs farmers have sold.

I have in my hand a report from the Department of Agriculture showing egg prices paid to producers on a Tuesday of each month at Regina and this shows that in January, 1960, the average price for grade A large eggs was 16 cents. In February, it was 15 cents, in March 26 cents, in April 29 cents, in May 24 cents. These are the lowest prices that have been paid at that point for a great number of years, perhaps since the war years. If one takes these prices for the year and averages them, one finds that the average price for grade A large eggs is approximately 29 cents a dozen. Yet in 1956, the last full year before this government came to power the average price on the same basis was 38 cents a dozen.

Mr. Hamilton (Qu'Appelle): Have you got the figures for the balance of the year?

Mr. Argue: I have to be fair and say there was a deficiency payment made. According to the Canadian federation of agriculture bulletin it works out at 2.4 cents on the average for the year. If one takes that 2.4 cents and adds it to the average I have put on the record today one finds that the producers have lost six cents a dozen or even more under this kind of support policy as compared with the prices they were paid in 1956. The whole point I am making is this. Under the present policy followed by the government there is no floor, no certain assurance—

Mr. Hamilton (Qu'Appelle): Mr. Chairman, would the hon. member—

Mr. Argue: I have the floor and I intend to keep it until I have concluded my remarks. The minister may then ask all the questions he likes. I was saying that under this policy there is no certain floor under eggs or hogs. It is the rough average method with the deficiency payment technique which may result in no payment being made even when prices are below the floor or there may be a tiny payment as was the case with regard to eggs. The present government is a Conservative government—

Some hon. Members: Hear, hear.

Mr. Grafftey: Progressive Conservative.

Mr. Argue: It has its own philosophy. It is a belief in the free market system. The government has followed that belief consistently. It has dumped hogs and eggs on the competitive market without a floor. There is no indication that step by step other products that have been stabilized for a long time

will not be put on the open market at great expense to the agricultural producer.

I think it was significant that the minister made no reference to butter. According to the hints we receive there will be some changes, and butter will be subjected to the deficiency payment technique. If that technique is applied to butter, I hope it will be used only in conjunction with a floor price and not as an average price so that the producers of butter may have a certain guarantee instead of this nebulous, will o' the wisp assurance that is contained in the so-called prices stabilization legislation.

I offer no objection to this as a policy so long as the government does not lower the return to the producers by putting butter in the same category as eggs and hogs, thus helping to bring about the ruination of the butter producer.

There have been some agreeable indications in recent days of additional sales of wheat being made to certain countries of the world. These are welcome and I hope these additions to our regular markets may be maintained.

I believe the minister will agree that some of these sales, and particularly the sale to China, was in the nature of a windfall or extraordinary sale. China faces a famine situation and is unable to buy from the United States the grain she requires. Because of the famine condition and the attitude of the United States with respect to the sale of commodities to that country, Canada was successful in making sales in that market. I am pleased about those sales, but a great deal more must be done to bring about increased grain sales if we are to have any hope of adequate sales on a longer term basis. What has been going on is not so good as to give the government great cause for joy. I have in my hand the last published statistical summary of the board of grain commissioners, dated February 15. It shows overseas clearances of wheat this year to date to be 141 million bushels as compared with 138 million bushels last year, a moderate improvement. Examining other sales, we find that the sale of barley has dropped by an amount greater than the increase in wheat sales. Barley exports have been reduced from 20.6 million bushels to 6.2 million bushels.

Mr. Speakman: What is our surplus of barley?

Mr. Argue: If one takes the overseas clearances for all grains to date this year one finds they have been 157.3 million bushels as compared with 167.6 million bushels last year, a total aggregate drop of 10 million bushels.

[Mr. Argue.]

The minister said the situation was not satisfactory. This year it is even less satisfactory than last year in terms of our accomplishments to this point.

It has been said, and I think accurately, that grain is sold through what might be called a pipe line and that in order that a producer at the extreme end of the pipe line may feed his grain through, the grain obviously must come out at the other end. There is a very accurate relationship over a period of time between farmers' marketings and sales of Canadian grain.

Farmers' marketings are reflected with some variations in the quotas that prevail. The quotas prevailing in western Canada today leave much to be desired.

Mr. Speakman: Thanks to the grain handlers' strike.

Mr. Argue: The grain handlers' strike had precious little to do with the worst set of statistics relating to Manitoba. After all, Manitoba is on the eastern side. I received a bulletin on February 22 indicating that as of February 8, 160 points in Manitoba were still on a 1-bushel quota as compared with 121 points last year at the same time. There were 153 points on a 2-bushel quota compared with 116 points last year. Last year the number of points on 3-bushel quotas and 4-bushel quotas were much higher than they are this year.

Saskatchewan, as of this date, still has 99 points on a 1-bushel quota and 661 points on a 2-bushel quota. Alberta, where one would have expected this great disaster to have had the worst possible effect, is at the moment in a better position than Saskatchewan or Manitoba in that only 6 points are on a 1-bushel quota; 168 points are on a 2-bushel quota, and 373 points are on a 3-bushel quota.

I plead with the minister to exercise every effort before the end of the crop year to equalize the quotas for grain. The minister knows as well as I do, and perhaps even better, that his area has suffered in the past with respect to delivery quotas. His constituency and mine are on the apex of deliveries, as it were. In some years we cannot take advantage of the eastern deliveries and in others we cannot take advantage of the western deliveries; we have to wait to the last. This has been difficult for producers in our part of western Canada.

The farmers' union has put forward a substantial point deserving of consideration by the minister. They ask that there be a guaranteed quota delivery. The guarantee should be such that if the wheat board is unable to take delivery by the end of the crop year then the difference could be paid

to the producer for the grain on his farm. If an 8-bushel quota were guaranteed, as was requested, and a farmer at a given point could market only a 6-bushel quota the board should be prepared to buy the difference on the farm in the farmer's storage. The board could then take its own good time in moving out the grain in the days ahead. By this method some equality would be established in the marketing of grain. I suggest that equality is needed and is long overdue.

Mr. Hamilton (Qu'Appelle): Did we not equalize the quotas last year?

Mr. Argue: They were not too bad last year. The marketings were not equalized but less damage was done last year by this method than on former occasions, and I was very pleased to see some improvement.

Mr. Cardiff: Improvement under a Conservative government.

Mr. Argue: The hottest issue at the moment, as far as the Department of Agriculture is concerned, is this whole question of the government having allowed the feed mills in western Canada legally to buy grain at bankrupt prices and to go into a system of stealing, in a legal way, a substantial part of the farmer's normal returns from grain. I feel that this action has amounted to an abdication of principle. It has been a great mistake. Ninety eight per cent of the farmers will lose the chance to deliver this amount of grain through a quota system. The fact that 98 per cent of the farmers will not be marketing grain to the feed mills means that greater pressure will be placed upon them to go into the livestock business to an increasing extent. This means—and there is no argument about this—that the total income of western producers from grain will be lost because the prices paid by the feed mills in western Canada today are lower than the wheat board prices, and in some instances the final prices are disgracefully low.

The minister has promised to take a look at this. I hope he will take a thorough look at it, and I express the strong hope that this mistake will be corrected in the next marketing year. After all, the excuse for doing this has been that the wheat board could not police its quotas. The actions of the wheat board were upheld by the courts. The Supreme Court of Canada said that the wheat board had the right to police its quota for all mills, agreement mills and non-agreement mills. Once the Supreme Court of Canada upheld the wheat board this government in effect repudiated the decision of the courts by saying, we are changing the rules and the feed mills will be allowed "legally" to get this grain at bootleg prices.

Undoubtedly, this has been a severe blow to the system of orderly marketing of grain. What happened in the committee this afternoon spelled out exactly what I feared would happen. In the committee this afternoon no less a person that the official agricultural spokesman for the official opposition said it was his opinion that the grain going to feed mills in eastern Canada should be removed from wheat board control. The pressure that goes with this position taken by the official opposition, together with the natural desire of people in eastern Canada to get their grain at the lowest possible price, suggests that those of us who said this was the thin edge of the wedge that would lead to greater pressure being placed on the government to open the door much wider have been proven correct.

I am disappointed with the stand taken by the Liberal party. I think the official stand they have taken today has been a great mistake. They had better have a caucus and take another look at this subject because the people whom I represent will not be happy to learn that the position of the Liberal party opens the door—

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

Mr. Argue: When I finish the hon. member may ask all the questions he likes.

I appreciate the reasons given for this action, but I think the sooner we return to the position of ensuring that the wheat board quota regulations shall be enforced on all mills in all parts of Canada the better it will be for the Canadian producer and for everyone concerned in this field.

I had hoped the government would tell us today what they were going to do to improve the income position of the farmer. I was curious to learn from the minister whether it was the intention of the government once again to pay the $1 an acre to farmers in the west, amounting to $40 million or $42 million. I would be interested in knowing whether the government intends to change the method by which this payment is made, if it is going to be made, and put it on the unit system, but there was no comment on that.

The Minister of Agriculture wound up his remarks by giving it as his opinion that a railway strike would place the agricultural producers of Canada in a very difficult position. He called on railway and management to do everything possible to avert a strike. I agree with the minister's statements. I suggest that one of the main reasons we are in this position today is the failure of the government to do anything last fall, except procrastinate and postpone the trouble. They

said, "We will not settle it in December; we will postpone it until May 16 and then we shall have to settle it all over again," or the railways can go to the board of transport commissioners and get another hike in freight rates which are already too high.

I think the minister might have singled out management a little more in his remarks. The railway workers said, "We will accept the conciliation board report". I cannot speak for them, but I would not be at all surprised if they would accept the report today if the management of the railway companies were prepared to do the same. The minister lumps them together, although it was the railway companies which refused to settle on the basis of the conciliation board report.

Mr. Hamilton (Qu'Appelle): Do you always support that policy?

Mr. Argue: The government has a great responsibility to deal with the agricultural situation. I suggest that to do that these steps should be taken.

First, the government should exert every effort to move the surplus of grain within this country to the markets of the world and to the people who need it.

Second, the government, instead of weakening the orderly system of marketing, should maintain it and expand it.

Third, the government should give every help and assistance to the development of the co-operative movement in Canada at the producer and consumer level, a movement that I think can be of great service to the agricultural producers. To this end I would suggest that, at least for a beginning a co-operative branch should be set up in the Department of Agriculture to lend encouragement to the co-operatives in Canada.

Fourth, I suggest that it is time the government defined its income supports for agricultural producers and spelled out just how and what it is going to do to fulfil its commitments to Canadian producers that would provide them with a fair share of the national income.

Mr. Brunsden: Will the hon. member permit a question? I did not have much luck with my questions to the official agricultural spokesman for the Liberal party. Perhaps the last speaker knows a little bit more about agriculture. He has deplored the falling grain markets in western Canada. Unfortunately for him he mentioned barley. I should like to ask the hon. member if he recalls that the province of Alberta, and Saskatchewan to some degree, lost a market for pearling barley in the Orient by virtue of a strike of longshoremen on the Pacific coast which was fully supported and ardently advocated by his party.

Mr. Argue: Mr. Chairman, that statement is another lie. It is a real lie.

Some hon. Members: Oh, oh.

Mr. Argue: I do not accuse the hon. member of having lied but it is a lie to say that this political party supported that strike. We had nothing to do with the strike in any way, shape or form. As a political movement we offered no support on this issue in any way, shape or form.

Mr. Brunsden: You endorsed it.

Mr. Argue: That is not true either. That is another statement that is completely false. What I suggested was that the Minister of Agriculture, the Minister of Labour and the government, who have jurisdiction over such works as terminal elevators which have been declared works for the general advantage of Canada, should have done more than sit in their seats and say it was up to somebody else to do something instead of proceeding as they should have to Vancouver and trying to do something to bring the parties together.

Mr. Speakman: Mr. Chairman, my first remarks must be, of course, to express my satisfaction and that of the people I represent with the upward trend in both gross and net farm income. The people in the area I represent are quite pleased with the trend and I think they will continue to be pleased. Like the minister, I sincerely hope for a stay in the trend of farm population away from the farms, and I think the efforts of the government are wholly bent in that direction.

The hon. member for Drummond-Arthabaska has referred to some promises made with regard to farmers and farm incomes and so on in the campaigns in 1957 and 1958. I should like to refer to some more recent promises made not by members of the government but made at the so-called great national Liberal rally. I should like to refer to the *Country Guide* for February, 1961. In that issue there is an article with a headline in red, naturally, reading, "Buying the Vote". The article reads in part as follows:

> The Liberal rally held in Ottawa early last month may have made the party faithful who were present glow with enthusiasm, but on at least two counts it was a sad performance . . .
>
> From an agricultural standpoint, the Liberal rally seemed to be completely bewildered and without inspiration. Mr. Pearson accused the Diefenbaker government of "failure to produce any kind of a solution for agricultural problems". Well, if the Liberals think what came out of the rally resolutions is a better guide to success than what is currently being offered, they are badly mistaken . . . Promising western grain growers a parity price on their first 300 bushels of deliveries each year is not an answer to the grain problem.

The article goes on to say:

Let no one misunderstand us. We are not opposed to social advancement on a wide front, either in agriculture or other sectors of our society.

On the other hand, they do not believe in offering something which is impossible of performance. The hon. member also mentioned rather scornfully, I thought, the wheat sales which have just been completed. I might say for his information that the farmers of western Canada were very highly elated at these additional sales. He did not tell us, of course, what the relative figures were of surpluses of feed grains compared with wheat. I suggest that he should look up these figures. He will find that we do not have a surplus of feed grain but we do have a rather large surplus of wheat.

With reference to the stand of the official opposition with respect to agriculture, I go back to something which was said by "farmer Paul" as he was referred to in the Ottawa *Journal* last fall. The article in the *Journal* reads in part as follows:

Mr. Martin, beaming at the government benches as he concluded a speech, said that he might have made mistakes here and there. "I will pit my zeal and my desire"—

He said it smilingly, of course.

—"to do something to assist the western farmer against what my hon. friend promised and has failed to do."

I do not look upon the efforts in recent weeks as evidence of failure when we sell over 50 million bushels of grain. In "Ottawa Report" of February 14, 1961, prepared for the Thompson publications, the hon. member for Essex East is also referred to as the "wicked fairy and his mother goose tales". I think the description is very apt.

I was rather amazed to hear the hon. member for Drummond-Arthabaska speak about direct half-price sales of grain without quotas to the feed mills. I wondered whether he got his figures from the hon. member for Assiniboia or from the Martin bureau of statistics.

Mr. Argue: Don't blame me for his figures.

Mr. Speakman: In this regard I should like to refer to certain information which appeared in a newspaper recently. The prices are given that were being paid on February 16.

An hon. Member: What paper is it?

Mr. Speakman: The *Manitoba Co-operator*. It gives the prices being paid by various companies at different locations. At Winnipeg, while the initial wheat board price for No. 5 wheat was 95 cents, the federated co-op was paying a non-quota mill price for the same grade of wheat of $1.25. For No. 1 feed oats they were paying 50 cents compared with a wheat board initial price of 46⅝ cents. For No. 1 feed barley they were paying 75 cents a bushel compared with a wheat board initial price of 75¾ cents. McCabe Grain Company of St. Boniface was paying a non-quota mill price of 75 cents for No. 1 feed barley whereas the wheat board initial price was 75¾ cents. Purity Flour Mills at St. Boniface were paying a non-quota mill price of $1.15 for No. 5 wheat whereas the wheat board initial price was 95 cents. There is quite a list here.

Mr. Argue: Is there any No. 2 wheat? I am wondering whether there is any No. 5 in the Manitoba district.

Mr. Speakman: I do not know how western farmers will react to the suggestion the hon. member made with regard to eastern farmers buying directly. They might be pleased with it but it would not suit the hon. member for Assiniboia, of course.

The hon. member for Assiniboia said a lot of things, most of which I will let the minister answer because I think the minister will answer him very effectively. However, there are one or two points I should like to make with regard to the remarks of the hon. member for Assiniboia. He complained about the minister making a comparison of farm incomes when the trend definitely shows an upward movement. Why? He also complained very bitterly about the deficiency payment method used in the marketing of hogs and eggs. He neglected to mention, of course, that not only had the market been stabilized but so had production and that accompanying this stabilization there had been a very welcome increase in the price received by the producer. He forgot very conveniently that there was a surplus of over 1 million pounds of pork which has now been sold because of the action of the government, and I think this answers the hon. member for Assiniboia very effectively.

The hon. member went on to say something about the slow movement of grain from the prairie provinces. However, he conveniently forgot or just neglected to mention a certain strike of grain handlers on the Pacific coast. I want to refer to that strike because in complaining about low farm incomes and farmers being forced to the wall the hon. member neglected to mention the strike.

I shall read a statement from the *Western Producer* of Thursday, December 8, 1960. This is a paper which is well known by the hon. member and to the policy of which I believe he subscribes.

—in the Western Producer dated the 10th of last month, where it points out that the basic wages

paid to the striking terminal elevator workers is $2.12½ per hour including living bonus.

This is higher than the basic wage paid by any other industry in Canada for semi-skilled labour. Yet they have been offered an increase of 5 per cent which will make their basic wage $2.23 an hour. In addition their position lends itself to considerable overtime for which they get time and a half for weekdays or $3.34 per hour and double time or $4.46 per hour for Sundays and statutory holidays.

These workers refused this substantial increase, to the very great detriment of grain shippers particularly in Alberta and the western half of Saskatchewan.

The hon. member at the time this strike was in progress certainly did not come out against it, and I thought his attitude indicated sympathy and support for the strike.

Mr. Argue: That is not true. That is a false statement.

Mr. Speakman: I just said, Mr. Chairman, that I thought that, and it appeared to me that way.

I can quote another headline about which I think the hon. member is pleased. This comes from the Edmonton *Journal* of February 5, 1961. In big black headlines these words appear:

Feed mill policy 'legalized robbery'.

The hon. member created quite a little fuss in another part of this house—in one of its committees as a matter of fact—by referring to this "legalized robbery". I think what I have quoted on the record explains this very well.

I should like to refer the hon. member to the *Manitoba Co-operator* of February 16. He apparently does not read some of these publications because he has made the statement that no one supports this change in the regulations which permits these off-quota sales. This article says:

The western agricultural conference in Saskatoon last week supported new Canadian wheat board regulations permitting farmers to deliver grain to feed mills outside of wheat board price and quota controls.

Of course, my hon. friend from Assiniboia, Mr. Chairman, and his little group, as well as the political party that may result from this dreamed of marriage, have all the answers to all our problems. I will read from a little item in the same *Western Producer*:

As for the C.C.F. having the answers to our problems, all they could bring us is 100 per cent taxation and we would all end up as employees of the state and all freedom would be lost.

I must agree with that statement.

Mr. Winch: I do not.

Mr. Speakman: Of course you do not, belonging to that party.

[Mr. Speakman.]

Mr. Chairman, in conclusion I have a couple of recommendations which I should like to make to the minister and the government. I have made these recommendations before during the past two years. I should like to ask the minister and the government to give their serious consideration to the inclusion of forage crop seeds—by this I refer to clovers, alfalfas and leguminous crops—in the provisions of the Agricultural Stabilization Act. My constituency and that of my colleague from Jasper-Edson are very heavy producers of clovers, alfalfas and other leguminous crops. Having has good crops the last few years we find the farmers receiving as low as three and four cents a pound for some of their seed. I think it would be a very great boon to a rather large section of Alberta agriculture, and the Peace river, if these crops were brought under the provisions of this act.

I must, of course, make my perennial plea that the government pay the acreage payments to western producers again in 1961 on the same basis as in 1958 and 1960. I think general satisfaction has been expressed by the constituents I represent in this method of assistance which has done far more than could possibly have been imagined at the time the first payments were made, not only for the general welfare but for the economy as a whole.

(Translation):

Mr. Racine: A moment ago, after my colleague from Drummond-Arthabaska (Mr. Boulanger) had spoken, I heard some members opposite say that we were numbered, that we were codified, on this side of the house. Well, for their information, I wish to tell them we are not numbered but that on this side, we are in the habit of dealing with problems which are of interest not only to us but to our electors.

We have listened to the minister with much attention. He quoted many figures and statistics. In those statistics, among other things, the figures which struck me most were, for instance, those bearing on the decrease in the number of farmers in Canada. The minister made much of the increase in gross income. On the other hand, if we take into account the decrease in the number of farmers, we readily realize that the figures he gave us are not accurate in so far as the net income of farmers is concerned, on the basis of their number.

For instance, if I understood him well, he told us that in 1958 there were 575,000 farmers in Canada; he added that, in 1959, there were only 546,000 left, which means a

decrease of 29,000 in 1958-59. For 1960, he gave the figure of 536,000, which means another decrease of 10,000.

I am sure that if those figures—

(Text):

Mr. Speakman: I do not think the hon. gentleman wants to be unfair to the minister, who is just coming in now, but he is misquoting his figures.

The Deputy Chairman: The minister will perhaps correct him later.

(Translation):

Mr. Racine: Mr. Chairman, as I was saying, if we take into account the national gross income and if we divide it by the present number of farmers, it is obvious that the per capita income has increased. However, I think we should take into account the production cost which has increased substantially.

While those figures on the decrease of farmers in Canada may help the minister in arriving at his income figure, I am sure, on the other hand, that those figures are certainly not to the liking of the Minister of Labour (Mr. Starr) because they are probably included in the number of unemployed we now have in Canada.

I expected the minister to praise the achievements of the government. I expected, for instance, to hear him refer, as several of his colleagues have done in and out of the house, to crop insurance, to the stabilization prices act and to the Farm Improvement Loans Act. But, following a question I asked recently in the house, I found out that not one province so far has come to an agreement with the federal government about crop insurance, except one, I am told, where it is being tried in a certain area.

We also asked a question about the Farm Improvement Loans Act, and we found out that, probably, that measure has probably not yet been been brought to the attention of all farmers, or at least a great majority of them, since only a few of them took advantage of it.

We also expected, and that would have been most important, the announcement of a new policy on butter. If we refer to the *Rural Co-Operator* of February 14, 1961, here is what we read:

(Text):

It is understood that butter prices could be reduced 10 cents a pound to consumers beginning May 1, if the federal government approves a plan put before it by agriculture minister Alvin Hamilton.

Reports indicate that the 10-cent reduction in the retail price from the present level of around 69 to 71 cents a pound would not affect the price support of 64 cents. The plan is aimed at reducing Canada's butter surplus by making it more competitive with margarine.

Agriculture minister Hamilton has neither confirmed nor denied the report: "I wouldn't care to comment until there is something concrete from the cabinet," he said last week end.

(Translation):

Mr. Chairman, following the inventory made of the quantity of butter now in existence in Canada, we expected the minister to announce that policy. But he did not, probably for the reason mentioned in that article of the *Rural Co-operator*, because the cabinet has not yet taken any decision.

However, if we look at the statistics on December 1, 1960, we realize that there were 131,684,000 pounds of butter in Canada. It seems it would have been a marvellous opportunity and a good policy to establish at once that butter subsidy, which surely would not have failed to help decrease that inventory and encourage farmers who are dependent mostly on dairy farming.

The same policy, for instance, could have applied to powdered skim milk, with an inventory of 4.3 million pounds. The same goes for canned pork, with an inventory of 35.8 million pounds.

Apart from that policy of subsidies, another course could be followed, similar to the policy which is carried out now in the United States. It would consist in distributing to the unemployed, of whom there are approximately 700,000 in Canada, part of the farm surplus. Such action would certainly relieve their present plight.

Mr. Chairman, I was also somewhat surprised to see the hon. member for Assiniboia (Mr. Argue) being shocked by the words of the hon. member for Drummond-Arthabaska (Mr. Boulanger). I think the latter did not want to deal with a question of principle, but rather to speak in favour of the farmers in eastern Canada. Hon. members who preceded me, including the minister, scarcely mentioned those problems, and only my colleague from Drummond-Arthabaska dealt with them.

What he wanted, or rather what I thought he wanted was a lowering of the price for grain which the farmers in Quebec, Ontario and the maritime provinces have to buy.

I do not think he would want a policy detrimental to the western farmers. On the other hand, I do not blame him for his remarks, because he represents, as I do, a district which has to face numerous problems. And, like the Minister of Agriculture himself and the leader of the C.C.F., he has dealt with those issues—and quite rightly so.

To my mind, the hon. member for Drummond-Arthabaska proved moreover, by quoting the figures of the dominion bureau of

statistics, that the farm income did not increase in 1960, but rather declined. To support that assertion, he quoted, as I said, figures supplied by the dominion bureau of statistics. He brought into these considerations a testimony which certainly deserves to be considered, that of the manager of the federated co-operatives, according to whom the farm income in 1960 was $1,450.

Neither did the minister tell us anything about deficiency payments. Like many other members I would have liked to get from him an evaluation of the results of this new legislation introduced by his government. Having read certain news items, we know that as far pork is concerned there has been some reduction in hog production; however, it is true that prices are kept at the same level.

As I said earlier, the minister did not deal with those problems as we would have expected.

I have here an article published in the column "Backstage" of *Maclean's* magazine. The author is Peter C. Newman, and the title is:

(Text):

—*Maclean's* magazine, "Backstage," by Peter C. Newman:

Diefenbaker's new vision—agriculture—and his new visionary—Alvin Hamilton.

(Translation):

Under that article, we see a very good cartoon of the minister—I suppose he has seen it. Here is what is said in the article:

(Text):

In the east, Hamilton wants to be Johnny Appleseed.

(Translation):

Now, the speech he made today and in which he failed to mention the problems of the eastern areas, I feel he is neither Johnny Appleseed nor the one who will be able to give encouragement to our many farmers in the future.

The article also states:

(Text):

Hamilton is confident that he can initiate his revolutionary agricultural policies at the same time as returning the prairie vote to his party. "If Alvin succeeds," says one highly placed Ottawa Conservative, "he'll become one of the top figures in the cabinet. If he doesn't, we could lose the next election."

(Translation):

Says this Tory.

The same article mentions something which seems all the more realistic now that we have just heard the minister, and I quote:

(Text):

Only 12 per cent of the Canadians of voting age still live on farms. But a close study of representation in the House of Commons shows that nearly 60 per cent of its members sit for rural areas. The smashing of Quebec's Union Nationale electoral machine by Jean Lesage, and the Tories' ineffectual political handling of French Canada since the 1958 victory, have convinced Conservative strategists that nothing they can do between now and the next campaign will win back this key province. It will be mainly the support or loss of the farm vote that will decide the outcome of John Diefenbaker's next journey to the polls.

(Translation):

Mr. Chairman, I will simply tell the minister, if he wants his policy to be popular in Quebec, to suggest—and I hope he will have an opportunity to make some comments during the consideration of his estimates—a solution to the problems faced by our farmers.

I believe we are justified in bringing those problems to the attention of the minister since he himself and his colleagues did not have any qualms about making innumerable promises during the electoral campaign of 1957 and 1958. I would say to his colleagues and more particularly to the minister that this failure of the government to keep their promises will hardly help them politically, and even worse, their attitude causes the worst prejudice not only to farmers in Quebec but to those in Canada generally.

(Text):

Mr. Rapp: Mr. Chairman, in rising to take part in this debate I should like first of all to congratulate the Minister of Agriculture on his appointment to this portfolio and to wish him success in this new undertaking.

I may also say that the farmers in Canada, and in particular the western farmers, have welcomed his appointment and judging from what has been said by them on different occasions, they expect he will do justice to this very important department.

Even when the minister was in charge of another department, the Department of Northern Affairs and National Resources, his contribution to the agricultural economy of this country was known and felt in this house, the cabinet, and above all in Canada as a whole. Anybody having any doubt about this need only look at the records of the house to see the truth of what I have said.

To the previous minister of agriculture, the present Minister of National Defence, I should like to express my regret at his leaving the department. He has done impressive work as minister of agriculture but has been called upon to take charge of another department. We wish him the best of luck and we know that he will also do justice to his new department.

Agriculture is a very important part of our national economy. Some people like to prove statistically that agriculture's No. 1 position has been taken over by other industries in

Canada. This may be true to a certain extent, but nobody can deny the fact that in importance it is and still will be Canada's No. 1 industry for a long time to come. If we look back on our agricultural history we find that western grain has been the life of Canadian commerce ever since our pioneers opened up the west for settlement. The purpose of the Crowsnest pass agreement of 1897 was to make it economically possible for the western farmers to produce grain in quantities large enough for the needs of Canadian commerce, and the government of that day considered the agreement to be a step in the best interest of Canada. What was true then in regard to grain produced in 1897 holds true today in regard to such grains as wheat, oats, barley, rye, flax and rapeseed produced now in the west for commercial purposes. The Canadian economy depends on commerce today just as much as it did then. This nonsense which some people talk about removing the Crowsnest pass agreement on freight charges is nothing less than an attempt to scuttle the whole of western agriculture. Let me say, Mr. Chairman, that no one knows this better than our Prime Minister, who has said on many occasions that the Crowsnest pass agreement is the magna carta of western agriculture.

While I am on this subject of the Crowsnest Pass freight rates I should really say something about the rapeseed freight charges. Rapeseed is the only grain not covered by the Crowsnest pass agreement. However, I shall reserve my comments on the subject until another occasion. Instead, I should like to say something with regard to edible oil.

As far as the tariff on edible oilseed is concerned, this indeed presents a very disturbing situation. The biggest single factor discouraging the use of this oil in Canada is the fact that Canadian crushers are allowed to crush American soyabeans and rapeseed in Canada—products which come in free of tariff—and thereby by-pass the 20 per cent tariff which is now in effect on soyabean oil and rapeseed oil. I ask hon. members to note the situation: There is a 20 per cent tariff imposed on the soyabean oil and rapeseed oil, but no tariff whatsoever on soyabeans and rapeseed. This is what is happening in the crushing industry: the Canadian crusher purchases all the Canadian soyabeans and rapeseed. He does not use any of these beans and seeds to crush into oil for Canadian consumption. He uses these to make up the 25 per cent of Canadian material in the oil and meal that he markets in Great Britain and other favoured treaty countries. The soyabean oil that he sells in Canada is made from American beans and rapeseed. In this way he entirely by-passes the 20 per cent tariff on the oil. In illustration of this point I should like to bring to the attention of hon. members the fact that margarine production in Canada in 1959 amounted to 152.5 million pounds. Only one tenth of the margarine made in Canada is made from oil seeds grown in this country. The rest is made from oils which come into Canada from the United States duty free.

However, I am happy to see that the Minister of Finance has announced in his supplementary budget that the tariff board is to be instructed to adjust this discriminatory tariff imposed on these edible oils.

I should like to touch on another subject coming within the scope of the Department of Agriculture, namely the price of farm machinery. As you will recall, Mr. Chairman, in the dying days of our last session this question was placed before the standing committee on agriculture so that an investigation might be made. As a member of this committee, I have been looking forward to the resumption of this inquiry. Hon. members know that one of our great problems in the farm industry at the present time is the high price of farm machinery. These prices are out of all proportion to the prices which the farmer receives for his produce and, what is more, the prices of farm machinery are constantly rising year after year while the prices of farm products remain the same or, in some instances, even go down. Is it the high cost of labour which can be blamed for this increase in the price of farm machinery, or are the high profits of the manufacturer responsible for the continued increase in prices? Alternatively, is management at fault for not making a sincere effort to put out an economic machine and hold down the cost of that machine? As a further alternative, is the high cost to be attributed largely to wasteful and expensive methods of distribution? These are questions to which answers must be provided.

I have given very serious thought to the inquiries which have been made into the price structure of farm machinery and I have followed very closely what has been said in the press and on the radio with regard to this matter. In particular, I am interested in a financial statement published by Canadian Co-operative Implements Limited of Winnipeg, Manitoba. According to this statement, the experience of the C.C.I.L. over the years has been that in relation to total sales of slightly more than $54 million there has been a net saving of $5,640,000. This saving has been made on sales which represent a very small percentage of total machine sales in western Canada. In 1959, when C.C.I.L. had a better percentage of total sales than in several preceding years, there was a saving

of approximately 14 per cent on sales. This was after meeting the competitive market conditions which caused trade-in losses of 16 per cent and cash discounts of up to 13 per cent of total sales.

More than $1,650,000 has been paid in cash to member customers and more than $500,000 has been placed in a deferred dividend position. This is a really interesting statement as I am sure you will agree, Mr. Chairman. I am just citing this as an illustration. I must say I am not personally too familiar with the C.C.I.L. or its operations although I am a member and, in the past, I have bought some machinery from this co-operative. As a member of our standing committee I intend to recommend when it resumes its sittings that Mr. John B. Brown, president of Canadian Co-operative Implements Limited, be invited to appear before the committee as a witness. I am sure he would be able to give us some more information and throw further light on the operation of this co-operative enterprise. It ought to be very interesting to have other witnesses from other farm implement companies, such as Massey-Harris or Massey-Ferguson, appear before the committee. Wholesale distributors and local distributors of farm implement machinery should also be invited to appear before the committee. When all the evidence and information supplied by these bodies is gathered it will make it possible for the committee to get to the bottom of the whole farm price structure.

Another matter that I would like to bring to the attention of the minister is the problem of our Saskatchewan Honey Producers Co-Operative Marketing Association Limited. It is located in my constituency at Tisdale, Saskatchewan, and is one of the best co-operatives of which I know. They, too, have some marketing problems and have presented a resolution to the agricultural stabilization board for their consideration. I will read the resolution into the records of the house but, before doing so, I should like to give hon. members the background, namely that heavy importations of honey from the United States have been coming into Canada for several years at much lower prices than Canadian beekeepers felt they could afford to accept. To prevent further importations swelling the Canadian honey surplus, during the past year prairie producers offered honey to Canadian honey packers at prices competitive with the United States offerings. This sharply reduced their returns. While this action materially reduced United States imports and the Canadian honey surplus, it was only at the price of placing prairie producers in a precarious financial position.

[Mr. Rapp.]

The directors of the Saskatchewan honey producers co-operative therefore requested that the following resolution be put before the stabilization board. The resolution is as follows:

Whereas the present floor price on honey in Canada is 13½ cents per pound, and

Whereas this represents 104 per cent of the weighted average price obtained by Canadian beekeepers for the past ten years, and

Whereas 50 per cent of the national production during the early part of the ten-year period was produced by Ontario and Quebec, now over 60 per cent of Canada's 1960 crop was produced in the prairie provinces where the sharpest price reductions are presently being experienced, and

Whereas most Saskatchewan beekeepers received only 11 cents for their honey in 1960, and

Whereas there is grave doubt that Saskatchewan beekeepers will receive relief under present floor price arrangements, and

Whereas the floor price is intended to equitably protect all Canadian beekeepers, be it resolved that the agricultural stabilization board re-establish the floor price on honey on a regional basis, based on provincial or natural geographical areas, the manner of calculation for each region being similar to that now being used for the whole country, so that while the floor price in different areas might vary, beekeepers in each region will have more assurance of protection in periods of difficulty in their area.

The honey producing industry plays an important role in our agricultural economy. I should like to draw the attention of the minister to this fact and ask if he will see if justice can be done with respect to this resolution.

While I present this resolution and ask for greater protection on a regional basis, I should also point out that we in the west and particularly in the three prairie provinces have problems with respect to the prices established for hogs and eggs under the agricultural stabilization board. Although deficiency payments were welcomed by all western farmers, nevertheless there is a great need for an investigation to see if more justice would be done by paying out deficiency payments on a regional basis and semi-annually. I will not elaborate on this point at greater length. I know that the minister is familiar with my requests and there is no need for me to go into the particulars of this problem at the present time.

Mr. Winch: Mr. Chairman, it is not my intention to speak about wheat, oats, barley, rye, the Canadian wheat board, box car allocations or deficiency payments. I wish merely to ask a number of questions of the minister relative to the agricultural situation in British Columbia and the attitude of the minister toward it.

I regretted very much the attitude displayed by the hon. member for Wetaskiwin when he spoke earlier. He is an hon. member who does not appear able to ask questions or say anything in this chamber without putting it

on a completely partisan political basis. The hon. gentleman was never more guilty of that than when he spoke earlier this afternoon. I hope I shall not follow that procedure. Surely charge and counter charge will not assist us in a policy discussion on the agricultural estimates. What is required now is not partisan political discussion with accusations, charges and counter charges. What we require is information from the minister and if we wish to go beyond that in participating in the discussion we are free to present constructive proposals.

I shall attempt not to follow the example set by the hon. member for Wetaskiwin who was guilty of political partisanship in his remarks today. It is good to avoid following that example because sometimes we might be prone to answer that kind of attack in like manner. If I were to indulge in that type of thing today I would probably begin by telling the minister that his government is sabotaging the agricultural industry of British Columbia.

Mr. McCleave: Non-partisan, of course.

Mr. Winch: However, that is not my attitude. I should like the minister to tell us if he has had time since assuming his important office to raise his eyes beyond the western prairie horizon of rye, oats, wheat and barley and look over the mountains into British Columbia? British Columbia is a mountainous province with four ranges running from north to south. Far too many people do not realize that between those ranges we have some of the most productive agricultural land on the North American continent. Admittedly, sir, I speak as a member from the urban area of Vancouver but I know British Columbia and I love it. With all due respect to every other member in this house, I say that in the Fraser valley of British Columbia, from Vancouver to Hope, in the valley areas, in the mountain ranges, from Salmon Arm, Enderby, Armstrong, Vernon, Penticton, Kelowna, to Osoyoos, we have some of the finest, fertile, productive agricultural lands in North America. This has been proven in the production of soft fruits, hard fruits and vegetables. A change has taken place over the past few years. I tried to raise this matter last session but unfortunately did not get very far with it.

I have lived in Vancouver since 1910, when I was only three years of age. I can remember the productivity of the Fraser valley in regard to berries, and particularly strawberries. Our product went around the world in the shape of jellies and jams, but that situation does not obtain today. Production is now purely for the local market. Why is this so? Because no attention has been paid to the buying up of our canneries and factories by people below the border and exporting to Canada their products, but selling them under the Canadian brand.

It is only a few years ago that in the area from Lillooet to Osoyoos there were 16 canneries. Last year only four were left. I have been advised of one in that area which is going to close this year and which I maintain holds a world record for the quality of its products, namely vegetables, peas, tomatoes, and so forth. Why is this so? It is because the area from Lillooet to Osoyoos is three weeks behind production in California. By the time the agricultural producers in the areas I have mentioned are set to market their products California is set to market its surpluses, and moves them into British Columbia. Certain action has been taken by governments in the past in regard to the situation, and this is the reason certain of our canning companies in Canada, and particularly in British Columbia, were bought out. The reason is simple. If the small canning companies are not there, then the producers have no market to which to sell.

I raised this matter last year in regard to tomatoes and the then minister of agriculture—I am glad he is in his seat at the moment—answered to the effect that a subsidy would be granted for the crop year but it would then cease. I still have the letter to that effect from the hon. member. Wheat, oats, barley, rapeseed and rye are important in many parts of Canada, but berries and vegetables are very important to our province of British Columbia. To the best of my information the situation in the coming year will be worse than it was a year ago. Judging from the information sent to me by growers, I am of the opinion that they are very disturbed at the situation. I say to the Minister of Agriculture, through you, Mr. Chairman, that, much as we recognize the emphasis and importance that the minister has placed on agriculture in the prairies, we would like him to take a good look at the maintenance of agriculture in British Columbia. We would like to hear whether the Minister of Agriculture has any special plans for the protection of our berries, our soft fruits and our vegetable industries. We would like to know whether a special study will be made of the situation there on a production, canning and marketing basis.

We may be known as a lumbering and mining province but, if my memory serves me correctly, our third greatest industry has been agriculture. It has been deteriorating. I fear that it has been neglected and is still being neglected by the federal Department of Agriculture. Just because we may be hemmed in by four mountain ranges

and 3,000 miles from Ottawa we should not be ignored. We are an integral part of Canada. I gather from this morning's newspapers that we are such an important part of Canada that if plans go through at the dominion-provincial conference we are going to lose out because of the wealth of our province.

I hope I have not fallen into the despicable line of thought of the hon. member for Wetaskiwin by asking the minister to raise his eyes above the Rocky mountains and look at agriculture in British Columbia and advise us as to present plans for the protection of agriculture in our province, in the Fraser valley from Lillooet to Osoyoos. I made a mistake. I almost ignored that most marvellous agricultural area, especially in so far as seeds are concerned, namely Grand Forks. Now that the minister has taken over this most responsible office I ask him whether a special study will be made of the potentialities of agriculture in British Columbia and whether protection will be given to that great industry?

Mr. Coates: Mr. Chairman, I should like to join in this debate and make a few comments on agriculture as it pertains to the maritime provinces.

First of all, I should like to extend my congratulations to the minister, both on his appointment as Minister of Agriculture and on the enthusiasm he has brought to this department, which enthusiasm was so apparent when he was minister of northern affairs and national resources. I should like to say to him that I was recently in Nova Scotia and in talking with people keenly interested in the agricultural industry in that province I learned that his recent visit to the maritimes was greeted with enthusiasm He has instilled in the people of our area an outlook so far as agriculture is concerned that we like to see them have. Personally I should like to see him come back to visit our people again and I hope he will do so in the very near future.

It has become a regular custom for members of parliament from Nova Scotia to meet with the executive of the Nova Scotia federation of agriculture each year when they come to Ottawa to attend the annual meeting of the Canadian Federation of Agriculture. Members from Nova Scotia have come to look forward to this annual meeting as an opportunity to get views of those engaged in agriculture in our area and as an opportunity to have brought to our attention those matters which are felt to be most pressing by the Nova Scotia federation of agriculture.

[Mr. Winch.]

At this time I should like to bring some of the suggestions brought to our attention to the attention of the minister in order that he may be fully aware of the attitude of the federation with respect to the different aspects of the industry. At our recent meeting a number of matters were discussed. One thing that is of particular importance to me as the member for Cumberland is their views with regard to the Maritime Marshland Rehabilitation Act. This act came into operation some ten years or more ago and was put into effect to help marsh owners in our province to improve their lands throught a system of dikes, aboiteaux and dams.

When the act was brought into force some ten years ago it was indicated there would have to be an agreement between the federal and provincial governments and the farm bodies in the different areas in order that all might be aware of the importance of the projects that would be undertaken. At that time an agreeement was made between the federal government and the province that when the work was concluded the province and the marsh owners would take over the maintenance of the projects that had been undertaken. No doubt when this was agreed upon no one imagined the magnitude of the work that would be carried out under the act and in the light of that fact an agreement was reached.

Today, however, as the work draws to a close the province and the marsh bodies both see the tremendous costs that will fall upon them should the maintenance be placed on their shoulders alone. Because of this fact they have emphasized very strongly that the federal government should endeavour to phase in the maintenance work under the agricultural rehabilitation and development legislation. This would mean that those lands that have been greatly improved in value would not now have to be left to revert to their former condition, for if the federal government were to insist that the maintenance be carried out by the province and the marsh bodies that would no doubt be the result over a long period.

It is quite apparent that neither the province nor the marsh bodies can accept the financial obligations that would be placed upon them if the federal government were to insist on their maintaining the work that has been done. If we are to endeavour to keep these lands that have been tremendously improved as the result of the work carried out for the generations of today and tomorrow we must give further assistance and endeavour to phase in this work under the

new rural rehabilitation scheme. I ask the minister to give this matter his most serious consideration.

Another point I should like to bring to the minister's attention in this regard is that the headquarters of the M.M.R.A. administration are at present located in Amherst and over the period of the operation of the act a very large and competent staff has been built up consisting of people who are well aware of the problems of the area and who have created a great deal of good will in their negotiations with the marsh bodies. It is my hope that the department will give consideration to using the facilities and the skills that are readily available at Amherst to carry out the provisions of the agricultural rehabilitation and development legislation.

May I also bring to the minister's attention some other points that were emphasized by the Nova Scotia federation of agriculture with regard to which I would appreciate his serious consideration. One point they raised which I have also brought up in debates in the house has to do with unemployment insurance for farm labourers. I know this matter is under study at the present time by the Department of Labour. The representatives of the federation point out that it is a problem that has caused farmers in the maritime provinces a great deal of difficulty in attracting seasonal help. The reason is a simple one. If such people work for someone other than a farmer they are able to get stamps and to qualify for seasonal or regular benefits under the Unemployment Insurance Act. If they work for farmers they are not able to obtain these benefits which are so very important to many people in the maritime provinces. I realize that the minister is keenly aware of the circumstances of our farmers in this regard.

Another matter for which they request consideration has to do with the establishment of total disability insurance to be incorporated in the terms of loans made through the farm credit corporation. In Nova Scotia our provincial agricultural loans contain a provision guaranteeing this total disability insurance. The Nova Scotia federation have recommended that this be considered by the federal government as well, and incorporated in our farm credit legislation. It is my belief that we recently have made death disability insurance available through this legislation to farmers at their discretion if the loans are not supervised, but it is mandatory if loans are supervised. I would ask the minister to give serious consideration to the placing of total disability insurance in this scheme as well.

The Nova Scotia federation requests consideration for an increase in the support price for lambs. The federation states that the support price in the maritimes is below that either in Montreal or Toronto, and they wish consideration given to the support price being increased to bring it in line with the prices now available in those two areas.

Another matter which they wished brought to the attention of the government, but one which I feel should more rightly be placed before industry itself, is the equalization of transportation rates on farm machinery in this country. I believe an example could be made in respect of cars better than farm machinery. We know that a car manufactured in Ontario is more expensive in Nova Scotia than in Ontario, while at the same time we find that European cars come to this country and the price is the same in all parts of this country. I should think, since a large proportion of the cars manufactured in Canada are sold in the two central provinces, this problem of equalization would not be a very difficult one. A small increase in the price of cars in Ontario and Quebec would produce enough funds to provide an equal price level across the country. If the European manufacturers see merit in this scheme, I see no reason why our own manufacturers cannot take the initiative in this matter and let the government stay outside, where it should be in respect of such things.

The only other point that I should like to bring to the attention of the minister at this time is the matter of the government's policy on deficiency payments for hogs. I would point out to the minister that last year the Nova Scotia federation of agriculture supported the government when it put this policy into effect. I might therefore point out that as a result of this policy and the attitude of the Nova Scotia federation of agriculture, there has been a very substantial increase in the production of hogs in the maritime provinces. As all hon. members know there has been a substantial increase in the price paid for pork since this policy went into effect and as a result of the guidance provided by the Nova Scotia federation of agriculture, our farmers have benefited materially.

I do not think there is anything more that I wish to add at this time. I wish to thank you all for listening to my remarks.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, before the time for closing the sitting of the committee, which arrives in a few minutes, I wonder if I could get unanimous permission of the committee to have printed in *Hansard* two tables which will give the prices at non-quota feed mills in the last two weeks. I might explain my request by saying that

three speakers during the debate today have mentioned the prices of these feed mills, and I think the best way to put the facts on the record would be to turn over to this committee the reports made each week by the Canadian wheat board in respect of these prices. Of course, the names of the companies would be omitted. This will enable all members, and other persons across the country, to see the type of sampling we have on these prices.

Mr. Pickersgill: Before that request is dealt with, do I understand the minister to say that these are figures that were procured by the Canadian wheat board and that the board stands behind them?

Mr. Hamilton (Qu'Appelle): Yes.

Mr. Pickersgill: I see no objection.

The Deputy Chairman: Will the committee give unanimous consent to having these figures printed in *Hansard* as though the minister had read them?

Some hon. Members: Agreed.

(Editor's note: The tables referred to above are as follows:)

THE CANADIAN WHEAT BOARD

COMPARISON OF BOARD INITIAL PRICES WITH PRICES PAID BY DESIGNATED NON-QUOTA FEED MILLS MANITOBA, SASKATCHEWAN AND ALBERTA

Location	Grade	Board Initial Price	Non-Quota Mill Price	
Winnipeg	Wheat No. 5	.95	1.25	If trucked more than 75 miles by Fed. Co-Op. producer is charged 15c. per cwt. trucking.
	Oats 1 Fd.	.46 5/8	.50	
	Barley 1 Fd.	.75 3/4	.75	
St. Boniface	Barley 1 Fd.	.75 3/4	.75	
St. Boniface	Wheat No. 5	.95	1.15	
	Oats 1 Fd.	.46 5/8	.50	
	Barley 1 Fd.	.75 3/4	.75	
Winnipeg	Wheat No. 5	.93 3/4	1.00	(ex Brandon)
Saskatoon	Wheat No. 5	.90 1/4	.80	
	Oats 1 Fd.	.44	.45	
	Barley 1 Fd.	.71 7/8	.55	
Saskatoon	Wheat No. 5	.90 1/4	.85	
	Oats 1 Fd.	.44	.44	
	Barley 1 Fd.	.71 7/8	.60	
Saskatoon	Wheat No. 5	.90 1/4	.85	
	Oats 1 Fd.	.44	.45	
	Barley 1 Fd.	.71 7/8	.55–.60	
Saskatoon	Wheat No. 5	.90 1/4	.85–.90	
	Oats 1 Fd.	.44	.45	
	Barley 1 Fd.	.71 7/8	.60	
Steinbach	Wheat No. 5	.95	1.20	
	Oats 1 Fd.	.46 5/8	.55	
	Barley 1 Fd.	.75 3/4	.75	
Edmonton	Wheat No. 5	.91 1/2	1.05	
	Oats 1 Fd.	.42 5/8	.50	
	Barley 1 Fd.	.70	.70	
Calgary	Wheat No. 5	.91 1/2	1.05	
	Oats 1 Fd.	.42 5/8	.59	
	Barley 1 Fd.	.70	.72	
Lethbridge	Wheat No. 5	.90 1/4	1.10	(No No. 5 available)
	Oats 1 Fd.	.43	.65	
	Barley 1 Fd.	.70 1/2	.75	

THE CANADIAN WHEAT BOARD

COMPARISON OF BOARD INITIAL PRICES WITH PRICES PAID BY DESIGNATED NON-QUOTA FEED MILLS MANITOBA, SASKATCHEWAN AND ALBERTA

Location	Grade	Board Initial Price	Non-Quota Mill Price	
Winnipeg	Wheat No. 5	.95	1.25	Trucking charge 15c. per 100 lbs. over 75 miles
	Oats 1 Fd	.46 5/8	.50	
	Barley 1 Fd	.75 3/4	.75	
St. Boniface	Wheat No. 5	.95	1.05	
	Oats 1 Fd	.46 5/8	.50	
	Barley 1 Fd	.75 3/4	.75	
Winnipeg	Barley 1 Fd	.75 3/4	.75	
St. Boniface	Wheat No. 5	.95	1.15	
Winnipeg	Wheat No. 5	.95	1.00	ex Brandon and Minnedosa
Winnipeg	Oats 1 Fd	.46 5/8	.50	
Moose Jaw	Wheat No. 5	.91 1/2	85–90	
	Oats 1 Fd	.44 5/8	.45	
	Barley 1 Fd	.72 7/8	.65	
Moose Jaw	Wheat No. 5	.91 1/2	.85	
	Oats 1 Fd	.44 5/8	.45	
	Barley 1 Fd	.72 7/8	.60	
Regina	Wheat No. 5	.91 1/2	.90	
	Oats 1 Fd	.44 5/8	.45	
	Barley 1 Fd	.72 7/8	.60	
Weyburn	Wheat No. 5	.92	90–1.00	
	Oats 1 Fd	.45	.45	
	Barley 1 Fd	.73 3/8	55–60	
Saskatoon	Wheat No. 5	.90 1/4	85–90	
	Oats 1 Fd	.44	.45	
	Barley 1 Fd	.71 7/8	.60	
Saskatoon	Wheat No. 5	.90 1/4	.85	
	Oats 1 Fd	.44	.44	
	Barley 1 Fd	.71 7/8	.60	
Saskatoon	Wheat No. 5	.90 1/4	.85	
	Oats 1 Fd	.44	.44	
	Barley 1 Fd	.71 7/8	.60	
Steinbach	Wheat No. 5	.95	1.20	
	Oats 1 Fd	.46 5/8	.55	
	Barley 1 Fd	.75 3/4	.75	
Edmonton	Wheat No. 5	.91 1/2	1.05	
	Oats 1 Fd	.42 5/8	.50	
	Barley 1 Fd	.70	.70	
Calgary	Wheat No. 5	.91 1/2	1.05	
	Oats 1 Fd	.42 5/8	.60	
	Barley 1 Fd	.70	.74	
Lethbridge	Wheat No. 5	.90 1/4	1.10	No No. 5 Wheat available
	Oats 1 Fd	.43	.65	
	Barley 1 Fd	.70 1/2	.75	

M.F.W.
FEBRUARY 20TH, 1961

The Deputy Chairman: It being five o'clock the house will now proceed to the consideration of public and private bills, the former having precedence, pursuant to section 3 of standing order 15.

Resolutions adopted in committee of supply this day reported and concurred in.

CRIMINAL CODE

AMENDMENT TO ABOLISH IMPOSITION OF CORPORAL PUNISHMENT

Mr. Frank McGee (York-Scarborough) moved the second reading of Bill No. C-10 to amend the Criminal Code (corporal punishment).

He said: Mr. Speaker, before referring to the debate which took place on this subject in April of 1959, I should like to outline the approach that I wish to take in the discussion of this bill today. I should like to say something first of all about the present position of judicial corporal punishment in Canada, and say something about the report and recommendations of the House of Commons and Senate committee on capital and corporal punishment of 1956. I want also to review the latest material that has come to the attention of the public on this question, namely the report of the advisory council on treatment of offenders in the United Kingdom presented to the home secretary in November of 1960.

The present situation in Canada is that courts are sentencing people to be lashed and strapped for a series of serious and unpleasant offences. In 1956 seven people were sentenced to the lash and six to the strap; in 1957, 12 to the lash and 21 to the strap; in 1958, 12 to the lash and 8 to the strap. The latest figures that I could obtain from the department indicate that the applications of the lash in 1959 were up above the 1958 figure of 12, and that the strapping figure was down from the 1958 figure of eight. The lash in particular has been applied. Persons have been sentenced to be lashed, and these sentences carried out, for such crimes as incest, assaults on females, indecent assaults on females, rape, sexual intercourse or attempted sexual intercourse, robbery and robbery while armed.

These are not pleasant matters to contemplate by any means, but these are the facts that are before us as members of parliament and we must deal with them. Committees have dealt with them in the past and the recent committee in England which I mentioned has also dealt with them.

A committee of the house and the Senate, as has been recorded in previous debates, recommended after an exhaustive inquiry into this subject that corporal punishment should be abolished for any of the offences for which it is prescribed in the Criminal Code. When six o'clock was called on a similar occasion in 1959 and the debate adjourned, the hon. member for Calgary South (Mr. Smith), who was the final speaker and the only speaker who took a view in opposition to my own on the matter, had a number of things to say about it. I should like to challenge some of them and set the record straight. One of the things he said was this:

> I recognize that a great body of public opinion is in favour of the intention behind this bill.

Nothing could be further from the truth. The great body of public opinion in this country is no different in substance than the body of opinion in the United Kingdom or, as I will point out later, the Gallup polls taken in 1960 in the United Kingdom. These Gallup polls indicated that approximately 74 per cent of the people of England favoured the retention of corporal punishment and an indeterminate percentage of those favoured expanding it to other categories of crime. Therefore on that account to begin with I think the hon. member misjudged the situation in Canada.

He went on to say in his remarks:

> We have listened this afternoon to a great deal of maudlin sentimentality.

I should like very definitely to set the record straight as far as that particular aspect of this question is concerned. I am not motivated in any sense by a feeling of maudlin sentimentality on the question of corporal punishment. I am concerned primarily with discharging my duty as a member of parliament, to examine the facts and information available on subjects which come before us, reaching a conclusion and casting a vote or taking action to translate that conclusion into the law of the land.

It is in essence a matter of national self-respect, as far as corporal punishment is concerned. Through the centuries and down through the years we have tried a very fascinating and dazzling variety of brutal methods of punishment. In the main they have failed miserably to accomplish our purpose, which is of course to reduce crime rates and to deal with prisoners after crimes have been committed. At the present time Canada has the great good fortune to have a Minister of Justice (Mr. Fulton) whose activities in the field of penal reform in my view, and certainly this is a view shared by many people in this country, represent the first important steps forward in 25 years in Canada.

Mr. Walter Stewart of the Toronto *Telegram* used this caption on an article when

writing in that newspaper yesterday, "Canada's prisons feel the winds of change". These winds of change, this changing attitude on the part of the penal authorities of this country is greatly to be commended. The fact of the matter is, as I said earlier, that the brutal method has in the main failed.

The advisory council on the treatment of offenders, which presented its report to the home secretary of England last November, was composed of a group drawn from men dealing with prisoners and offenders of all kinds. I should like to quote from the statement made on introducing the criminal justice bill in the English house on November 17, by Mr. R. A. Butler, the secretary of state for the home department. He said:

> One of these is a V.C., who can hardly have been chosen by reason of being a "softie", and another was the chief officer of the City of London police. I mention this because I think that hon. members may want to know what the constitution of the council is. Its members include many from the professions and walks of life concerned with the prevention of crime and reform of offenders.

So this group of people, at the request of the home secretary, proceeded to examine in exhaustive detail the question of corporal punishment. The situation in England was that judicial corporal punishment had been applied for a wide variety of offences up to the time of the so-called Cadogan committee which was appointed in May of 1937.

Finally in 1948, following the failure of the bill based on that committee's recommendations, which recommendations were to abolish judicial corporal punishment, corporal punishment was abolished entirely in England. The committee at that time said:

> We have been unable to find any body of facts or figures showing that the introduction of a power of flogging has produced a decrease in the number of the offences for which it may be imposed, or that offences for which flogging may be ordered have tended to increase when little use was made of the power to order flogging or to decrease when the power was exercised more frequently. We are not satisfied that corporal punishment has that exceptionally effective influence as a deterrent which is usually claimed for it by those who advocate its use as a penalty for adult offenders.

The committee went on to say that they did not limit their investigation to the law as it then stood. They considered also the possible use of corporal punishment for other offences but came to similar conclusions. In particular, they concluded that this penalty was especially unsuitable for sexual offences, which incidentally formed the bulk of the offences in Canada for which corporal punishment was applied in those figures which I mentioned earlier.

This report is of tremendous interest and I commend it to every member of the house who concerns himself with this subject. The committee approached the widest possible variety of sources, people like the association of chief police officers of England and Wales, and the commissioner of police of the metropolis, who incidentally declined the invitation on the ground that it was not the policy of the association or in his view the function of the police to comment on the ways in which offenders are tried and dealt with by the courts.

However, a unanimous opinion was reached by that group, the police officers. It was unanimously agreed that if judicial corporal punishment were reintroduced, the police should not be required to administer it. Other sources of information were approached. The press was informed and in fact it assisted by soliciting a large number of letters commenting on the question. This public opinion poll which I mentioned earlier, the results of which were published in March, 1960, indicated that 74 per cent of the population considered that corporal punishment should be the penalty for some offences. People like the judges of the Queen's bench division and other persons concerned with the administration of criminal law were approached and the result was that a great majority of those consulted agreed that the reintroduction of judicial corporal punishment in certain circumstances might be desirable.

There was a minority of that group who differed. The members of the magistrates association of England and Wales were approached, and a vote on the question indicated that 4,412 favoured abolishing corporal punishment and 1,886 favoured its retention. The national association of probation officers was approached and submitted their findings as a group. They indicated that 89.7 per cent of their group favoured the abolition of corporal punishment. Other sources were approached, and some very interesting opinions were put forward. I shall not go through them in any detail but some of them are of passing interest. Surprisingly, the report says:

> Several of our correspondents suggested that females should be liable to judicial corporal punishment as well as males. They argued that in these days women and girls were often involved in the commission of crimes of violence or other offences for which men and boys might receive this penalty, and that therefore there was no justification for treating the sexes differently.

This view, the report goes on to say, was not shared by most of the witnesses. There were points of view expressed, and certainly I have heard similar views expressed in this country, to the effect that corporal punishment should be applied as an alternative to a sentence in prison or in a corrective institution. The theory is, apparently,

that this is a cheaper method and that if our corrective institutions are overcrowded it will avoid congesting them further. Little thought, I suggest, was given to whether this punishment would do any good. The report goes on to say—and I think this is an important factor in any discussion of this problem—

> A striking fact that emerges from a study of the views expressed to us is that different people reach different conclusions on the basis of the same facts or experiences.

This certainly is true not only in regard to this matter but with regard to capital punishment as well. The report goes on:

> It is clear also that individual views on judicial corporal punishment are greatly influenced by emotion, often arising from personal experience.

Most people's reaction in the case of certain crimes which they regard as being particularly heinous is that those responsible should be given a taste of their own medicine. The statistical evidence is examined in great detail and, again, the case for the deterrent quality of corporal punishment simply does not emerge from the facts and figures produced. One interesting comment had to do with the stability of the persons to whom corporal punishment was applied. The report says:

> In general, the more stable the personality the less harm such punishment would be likely to do.

Of course, conversely, medical witnesses were agreed that if an individual already had a substantial element of resentment in his make-up, judicial corporal punishment would be likely to make it worse. Then, of course, there is the situation that the more stable the person the less harm such punishment is likely to do. The converse, of course, is true that the most unstable people, who surely represent the greater threat to society, would be affected in the opposite way. There is further argument and discussion contained in this report, all of considerable interest, relating to the question of just how the person involved would react to corporal punishment and, in particular, the so-called younger set. The report says:

> We discussed this with our medical witnesses, who agreed that while this may be true of some youths, many others, far from being afraid, would accept the risk and exploit the punishment as a means of showing they were tough and could take it. Moreover, in order to maintain their status in the eyes of their associates, many who had received judicial corporal punishment would be likely to commit further offences to show that they had not been intimidated.

This is a fact which we cannot overlook in dealing with the psychology of the gang or juvenile delinquent groups in our society.

The report, of course, inquired into various areas of the commonwealth and different countries in the world and found that in the main there was no important movement for extending corporal punishment or, in those countries which had abolished it, any important movement to have it restored. The arguments in favour of corporal punishment as a deterrent are developed and found wanting, and corporal punishment in relation to modern penological methods fails, of course, on its first application. Every movement we have made in our penal institutions and penal methods is moving away from this kind of approach. There are a number of other matters which come into the question, one of the more important of which is the problem posed by the delay between the sentencing and the carrying out of the sentence. The report concludes on this question:

> We agree that the delay is the most serious practical objection to judicial corporal punishment.

The practical question arises of who is to administer this punishment whether it is by lash, or whip or strap. The policemen do not want to do it; the guards do not want to do it and, certainly, those involved in the rehabilitation aspect of prison life would not want to be associated with an activity of this kind, for after all, they are trying to develop a more positive social conscience in the individual concerned while offering some help on the road back to good citizenship. Perhaps the solution would be to hire a public whipping man, as we now have a public hangman, who would go from place to place, as travelling dentists and doctors do in our society today.

The report makes eight basic recommendations and I should like to run very quickly through them. I would remind members of the house again, that 77 per cent of the people consulted in Britain favoured the restoration or retention of criminal punishment. This committee, having examined the facts, came to the conclusion, in spite of that evidence of public opinion, that corporal punishment should not be reintroduced in Britain, and the comment is:

> If that were to be done it would be putting the clock back not 12 hours but a hundred years.
>
> Second, the present demand for the reintroduction of judicial corporal punishment seems to be limited to this country.—
>
> Third, we consider that, in these circumstances, the reintroduction of judicial corporal punishment could be justified only if there was a reasonable assurance that it would substantially reduce crime and afford real protection to potential victims. We think that there cannot be any such assurance.
>
> Fourth, judicial corporal punishment is out of line with modern penal methods and would militate against the success of reformative treatment, such as probation or borstal training.

The report goes on to deal in particular with some of the practical and constructive alternatives such as the physical expansion

of institutions, equipment, teaching and training, and an increase in the police forces in the various areas with a high crime incidence. This again is a constructive, logical and practical approach to the question.

Having already delayed the house too long, I would sum up by saying that it seems to be the pattern here and wherever this question has been argued and examined that public opinion in the main favours the retention of corporal punishment, but those groups that are confronted with serious study of the question and the evidence given by qualified persons in the many fields related to criminology inevitably come to the conclusion, which forms the basis of the proposition I now put to this house, that corporal punishment should be abolished in Canada.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, I should like to say a few words in support of this resolution. I shall make my remarks as brief as possible because I see we have only about 35 minutes left in this debate and I am sure there are many other hon. members who would like to participate. I would not wish to deny anyone who wished to make a contribution the opportunity of doing so.

I am well aware that there is a biblical injunction which says, "Spare the rod and spoil the child". I suppose there are some who would use that as a justification for the use of whipping in connection with crime. I imagine that it is possible for some to look upon the latter as an extension of the former. To me however, there seems to be no connection whatever between the two. The one was meant to be administered by a loving parent as a corrective measure for a person who had not yet achieved the age of reason or matured sufficiently to be able to reason things out for himself. The other is administered by society as a deterrent to crime. If there is any justification whatever for the use of whipping it must be as a deterrent.

The deterrent value of whipping itself is very much open to debate. Certainly it cannot be expected to have much effect upon individuals who have not yet achieved mental or psychological maturity. Even if we accept the argument that it does deter normal persons then we are arguing that the ends justify the means. I have not been able to accept that as a general rule. There may be certain exceptions to that but I have never come across any of them and in any case I feel it is not a very strong argument.

In matters of this kind I feel we should be guided by a higher principle. That principle is inherent in our concept of the nature of man himself, the principle of human dignity. Whatever deterrent value whipping may have for normal persons it does not lie so much in the pain associated with it as in the indignity to the person who has to undergo it. Human dignity is a quality each of us brings with us when we enter the world. So long as we are rational human beings it stays with us, regardless of what crimes we may commit. It would be a very sad state of affairs if the human dignity of a person depended on the varying judgments of the people around him.

This concept in my opinion goes to the very root of our society because it marks off the fundamental difference between our democracy and a society based on an atheistic materialism, the difference between a society based on the concept of the worth and dignity of the individual as a human being and a society built on the concept that man is nothing but a mere animal. Even in the case of animals, we have laws which would prohibit the use of such practices.

As a matter of principle alone—the principle of individual worth and human dignity inherent in man as a created being—I believe that this practice should be abolished. There is nothing at all sentimental about that. It is purely a matter of principle. I think we must make up our minds with respect to principles of this kind. Either we believe certain things or we do not. If we believe that a man, as an individual being, has dignity and worth within himself then the use of whipping for any reason whatever is a contradiction of that belief.

It is these contradictions that have hindered the spread of democracy in this century. People in other nations see that we profess one thing and practise another. I welcome this bill because I believe it asserts a fundamental principle of democracy and one that should govern all our legislation and practices.

Mr. Harold E. Winch (Vancouver East): I support this bill, Mr. Speaker, and I congratulate the hon. member on again having introduced it. I am not supporting it because of sentiment; I am supporting it on principle and as a result of 25 years study of corporal punishment. The reason I support this bill is that from my experience of 20 years as a member of the British Columbia legislature and my eight years in the House of Commons I have not found any evidence whatever to indicate that corporal punishment, either as a judicial sentence or as a disciplinary measure inside an institution, has acted as a deterrent to further crime or helped to rehabilitate the individual concerned to a social life and a social consciousness.

I should like to ask all thoughtful members in this house—and I am certain that every one is a thoughtful member—to note that Canada is one of only two countries in the modern and civilized world where corporal punishment can be inflicted as a judicial sentence. Canada is one of only three countries in the modern civilized world where corporal punishment can be used either as a judicial sentence or as a disciplinary measure.

I ask hon. members who are here, thereby evidencing their interest in this bill—and I ask the hon. member for York-Scarborough (Mr. McGee) to take note of this fact—to take this opportunity to wipe out one of the most archaic sentences existing in the civilized world. This matter is one which, if studied, will positively sicken you. How many hon. members in the house today have seen the board to which a man is strapped, either horizontally if he is to be paddled, or reclining if he is to be lashed? How many have seen a man with his feet fastened to the floor? How many have seen the paddle, which is a strap with holes in it, the purpose of the holes being to perforate the flesh? How many have seen the lash, the cat-o'-nine tails, with the nine strands of nylon cord? I have. I have been in the institutions and I have seen those boards. I have seen the paddle with the holes in it and I have seen the lash with blood on it. I have seen them. How many considering this matter have seen a man whose back has been lashed so that the blood is drawn and he is put in the penitentiary hospital for 10 days? I have seen these things, sir; the paddle, the lash, the board, the blood and the back.

We in Canada maintain that we are a civilized people. We maintain in this House of Commons—and we rightfully maintain—that we are spending millions upon millions of dollars to put in institutions those who commit crimes against society, for two purposes; to punish them for their crimes and to try to rehabilitate them so that they become useful members of society. What is the experience of those who have investigated this matter of whether corporal punishment deters from crime or rehabilitates prisoners as useful members of society? May I give one experience. A few years ago I went into a penitentiary in Canada and I asked the warden if he would call into his office everyone in that institution who had had the lash or the paddle. He did. I questioned every one of those men. If my memory is correct there were 12 or 13. Of those who had had the lash and the paddle, only one said that it did him any good. All the rest said it created a sense of antagonism, of violence, of hatred, of wanting to get back, not only at the individual who had done it, not only at the warden and the magistrate who had ordered it, but at society which allowed it to be done. That was my personal experience in a penitentiary of Canada.

What I think perhaps is of more account is the report which will be found in volume II of the three year study by the joint committee of the other place and the House of Commons on capital and corporal punishment. In the appendix to volume II will be found the report of an interview carried out by our counsel in the city of Toronto with a number of men who had received the lash and the paddle, some of them many times. Some of them had been out of an institution for over 20 years, and they were asked whether the punishment deterred or not. If hon. members will read that report they will get the answer. They will find only two who said it did them any good. They will find in the report on the others words such as these—since many of these men are now well-known businessmen in Toronto initials are used. With respect to Mr. "A" we find the following:

> He considered it had done him no good. He repeated several times that the strap had no effect in controlling his conduct. He did not want to give the prison authorities any satisfaction. He had gained prestige in the institution after having corporal punishment, particularly because he did not yell.

Again, we find this:

> Corporal punishment was like strapping a person every once in a while to show him who was boss; it was no way to reform a man.

Hon. members can go through the report—I have it all marked—and they will see the reaction of those who were interviewed. What is the opinion arrived at? My own personal interviews with those in the institution and the interviews conducted by the counsel of the joint committee with those who had become rehabilitated, and who had received the strap, indicate to me that it did no good.

I want to add just one more statement. I wish to relate the experience I had in speaking to a man of his reaction to receiving the paddle many years ago. He thought he did not deserve it but he got it. His reaction was, "I wanted to kill the man who ordered it, and I will kill the man who gave it to me". This man told me himself that after discharge the first thing he did was to get a rifle. He went back outside the fence, and he had the guard who gave him the paddle in his sights, and he was just within seconds of becoming a murderer. The reason he did not become a murderer was that he had forgotten to take off the safety catch of the rifle and his pal grabbed the rifle away from him.

The evidence is conclusive that corporal punishment is no deterrent to further crime.

In the majority of cases it creates a reaction which is opposed to the purpose for which the House of Commons votes money, namely to try to rehabilitate as useful citizens those who have broken the laws of society. In these modern times, from the point of view of Christianity, emotion and sentiment I say that to the thoughtful man everything points to the conclusion that Canada should now modernize its criminal and disciplinary laws and, in the interests of decency, common sense and rehabilitation, abolish the use of the lash on the back and the paddle on the buttocks. I sincerely hope that before six o'clock all present will vote to support the bill introduced by the hon. member for York-Scarborough (Mr. McGee).

Mr. Bell (Saint John-Albert): I should like to ask the hon. member this question. If a person is now successful in business, let us say, and corporal punishment had been administered at some time during his life while he was in prison, would it not be reasonable to suppose that, whether or not he admitted it, this might have had some good effect in his rehabilitation?

Mr. Winch: I refer my hon. friend to the evidence in which it was said by all that it held them back so far as rehabilitation was concerned.

Mr. Bell (Saint John-Albert): Who said that?

Mr. Winch: Of all those who were interviewed by counsel for the joint committee, only two said it ever did them any good.

Mr. Bell (Saint John-Albert): But would it not be reasonable to suppose that they would not admit that it had done them any good?

Mr. Winch: Their evidence was all given in confidence and I would think they were quite honest in their statements.

Mr. McCleave: Would the hon. member identify the other countries where such punishment still exists?

Mr. Winch: One country is South Africa, the only country in the modern world where women can still be punished in this way and under certain circumstances, such as an attack on a guard, punishment of this sort can still be administered in the United Kingdom for disciplinary purposes.

Mr. W. C. Henderson (Cariboo): Mr. Speaker, I take great pleasure in seconding the motion for the second reading of this bill to abolish corporal punishment. I have never been in a penitentiary and have never seen a whip, so maybe I am talking of something about which I do not know too much. However, in the first world war I was attached to a group from South Africa, and I know that if the negroes in the outfit had done something wrong they were hung up and lashed. I did not see them lashed but I saw them hanging there. They were tied to a cross and their backs were marked where they had been whipped. I think this is degrading.

As far as I am concerned I do not even like to see a horse whipped, let alone a human being. In fact, I am speaking the truth when I say that in Belgium after the war Canadian soldiers would go right out on to the street and pound the drivers of big wagons drawn by Canadian army horses because the drivers were whipping the horses which were hauling the loads that were too heavy. I saw that happen three or four times. As I say, I do not like to see a horse whipped, let alone a human being. It is degrading and I cannot see how any good comes from it because it only stirs up resentment. As the last speaker said, and apparently he knows what he is talking about, a man treated in this way gets murder in his heart.

We have been raised a little differently and I think we have been too long in doing away with such punishment. We should now abolish whipping. According to our teaching it is wrong and, whether we are Christian, Moslem or whatever we are, let us get rid of it by voting for abolition today.

Mr. R. J. McCleave (Halifax): Mr. Speaker, I took part in a debate on a similar bill in 1959 at which time I spoke in favour of abolition of such punishment. I do not propose to review, except briefly, some of the points I made at that time because I still maintain the same views. To those who may turn to the debates of that year, may I say that I quoted from the study of the British committee into the deterrent aspects of the use of flogging and the lash. It seemed to me and to those who made that study, I believe, that there was no deterrent effect whatsoever; that a person was just as apt to be a recidivist without the lash as if he were the type to whom such punishment was administered. The figures and findings of that study may be found in the debate of two years ago.

One point I should like to make this afternoon is that whether or not we pass this measure, and I think there are others who have views they would like to express, the fact remains that the use of corporal punishment is regarded as outmoded in Canada, and that can be proved by the statistics relating to those who have undergone such punishment. In 1959 the hon. member for Brome-Missisquoi (Mr. Grafftey) pointed out that in 1931 about 12.1 per cent of those who

were eligible to receive such punishment did in fact receive it and that by 1954 this figure had gone down to .6 per cent. If I may make a comparison in a different way, out of 500 prisoners who would have been eligible to receive corporal punishment in 1931 some 60 or 61 did receive it in that year, whereas in 1954 only three out of a similar group of 500 eligible to receive such punishment did in fact receive it. So the shrinkage is most apparent.

I also have great faith in the approach of the Minister of Justice (Mr. Fulton) to the whole problem of punishment and rehabilitation of the criminal. If the measure of the hon. member for York-Scarborough is not passed this afternoon, I am sure we can hopefully anticipate that something will be done in the not too distant future, perhaps next session if not later this session. This is only a personal hope but I know that the Minister of Justice, with his vast depth of humanity and his great interest in the proper carrying out of his duties, will take us off the hook, for we as civilized people must surely feel rather ashamed and guilty that we are among the very small handful of nations still using such methods.

Mr. Winch: One of three.

Mr. McCleave: One of three, says the hon. member for Vancouver East (Mr. Winch), who very kindly identified the other two in response to a question of mine a few minutes ago.

There is yet another point I should like to make and as it has been made before I will not press it ad nauseam. The use of the lash or flogging is apt to put a special brand, almost like the mark of Cain, upon the person who undergoes such treatment and, as previous speakers have indicated, it is apt to turn the punished person into a criminal seeking revenge. We heard the very graphic story of the hon. member for Vancouver East about the man whose first thought upon leaving the penitentiary was to purchase a rifle—

Mr. Winch: Reform school; he was only 17 years old.

Mr. McCleave: —and to seek revenge. It was reform school. I thank the hon. member for putting me straight. A very important aspect to remember is that we can turn a criminal who might be helped into a savage animal. The support, if any support there is, that society gives to the use of the lash I think would be in regard to very special types of cases; not only the case involving violence on another person, but more likely the case involving a criminal who has sexually molested a little child. Here, when speaking to members of the public one does find, especially if one is a parent or talks to a parent, the greatest abhorrence of this type of person and a feeling almost perhaps without reason, so terrified are parents of this type of person in society. I believe that in this area you would find the chief support for the use of the lash. My answer to that support is that such criminals obviously are very sick indeed and have to be cured by other methods. I do not think it would deter them for one single instant to undergo this savage and mediaeval punishment.

Finally, sir, I am not going to discuss the esoteric subject of the effect of spanking upon Toronto businessmen, but the hon. member for Burin-Burgeo (Mr. Carter) quoted the Biblical injunction, spare the rod and spoil the child. I think that the rod does have its place in society; there has to be a certain chastisement offered, but that is a prerogative of the home where the very young may have certain impressions made upon them by the parents who believe in the use of the rod. I think, however, when one reaches an adult stage habits are formed, and it is too late to start meting out physical punishment upon malefactors.

For these reasons, sir, and mainly because I do not think that the lash has any practical value whatsoever, I certainly support the bill of the hon. member for York-Scarborough (Mr. McGee).

Mr. Thomas M. Bell (Parliamentary Secretary to the Minister of Justice): Mr. Speaker, this very important subject is being brought forward again by the hon. member for York-Scarborough (Mr. McGee), and there has been considerable debate on it in the past. I feel most of the speakers have been in favour of the bill, which is against corporal punishment. They have spoken in favour of abolition I think in the same manner as those who are against capital punishment. They seem to be emotional, as are those who speak against forms of capital punishment, but they are more vociferous. Perhaps there are admittedly more today who are against corporal punishment than there are against capital punishment. Nevertheless, there are still many who do not make their thoughts known in this chamber or outside and who still feel that we should in some way retain these two forms of punishment.

I do not have definite views myself, but I do feel that some of the expressions in favour of retention have not been put forward, except by the member for Calgary South (Mr. Smith) in the debate last year. The hon. member for Vancouver East (Mr. Winch), who is a very interested student of

penology and has been for some years, has delivered his informed but emotional speech. I take exception to the example he used of the successful businessmen. They were asked in the questionnaire that was sent out by the 1954 committee whether in their opinion corporal punishment had been of any value in their own careers. I suggest very seriously, Mr. Speaker, that these now respectable citizens would not admit or appreciate the fact, just as members of this house might not admit openly that school punishment had played a very important part in their careers. So the figures in those instances again do not give the whole story. It would be interesting to have figures, and I have not seen any, in respect of those who have not been successful; those who still follow a life of crime, to ascertain whether they had received punishment or not, to what degree, and the part it played in their careers.

An hon. Member: Look at the report.

Mr. Bell (Saint John-Albert): I have spent a day studying the report, Mr. Speaker, and have not seen that reference, but it may be that there are some figures which I missed. I was impressed by the evidence that was given by Colonel Basher, who appeared before that committee in 1954 and was questioned at length about corporal punishment. Two or three of the points that were revealed at that time, and which I jotted down, were significant. The statistics may have changed slightly since then, but he said this only concerned about .44 of the persons in custody. He was asked from a psychiatric point of view whether there might be a different approach now as a result of this scientific, modern trend. He said that in his opinion some individuals need this corporal punishment approach which in itself is scientific. He also went into a great deal of discussion about juvenile delinquency, which is a very serious problem.

The Acting Speaker (Mr. Rea): Order. It is now six o'clock.

Mr. Bell (Saint John-Albert): May I adjourn the debate, Mr. Speaker.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, the business of the house was announced last night and I presume it is as was then stated. I should like to bring a matter to the attention of the house leader which has to do with the pension bill. We on this side feel that we would be prepared to take that on Monday and also expedite its passage because I understand there is a clause in the bill which, if there is any delay, might make it awkward for the operative clauses of the bill. I wonder if the house leader has any ideas in that regard.

Mr. Nowlan: Mr. Speaker, I appreciate the comments of the hon. member for Laurier. It is desirable to get that pension bill through. I announced it last night as being the third matter on the program for Monday and Tuesday. It might be advisable to deal with it earlier, although I understand that it will not be technically necessary. The minister will be in Ottawa tomorrow and I will inform him of the suggestion put forward by the hon. member. It may be that we can deal with that bill with relatively short notice on Monday or Tuesday. I believe that arrangements have been made for an amendment to the bill to correct the technical situation which might arise if the bill was not passed on Tuesday. In any event, I appreciate the suggestion of the hon. member.

There is only one change, Mr. Speaker, that I will have to make in the preliminary announcement which I made last night. At that time I said we would deal with the budget resolutions on Monday and go on with the O.E.C.D. and pension bill on Tuesday.

It has developed that due to circumstances over which we have no control the Minister of Finance will not be in the house Monday night and so the business of the house will be subject to the pensions bill. We will proceed first with the budget resolutions, as I announced yesterday, until six o'clock Monday night. Then on resuming Monday evening we will take up item No. 8 on the order paper, a motion in the name of the Minister of Transport to set up a sessional committee on railways, air lines and shipping.

If that is concluded Monday night we will then go on to No. 11, a resolution in the name of the Minister of Agriculture. I think that is a possibility rather than a probability, Mr. Speaker. Then on Tuesday we will revert again to the order of business which I announced last night. In other words, we will deal with the budget resolutions, if they have not been completed. Then, we will deal with O.E.C.D. and the pensions bill, subject to this; that the pensions bill may be advanced, as the hon. member has just suggested it could easily be, over either of those two matters.

I might point this out to the house, Mr. Speaker. Last night, in giving a preview of what might happen during the week, I mentioned the estimates of the Department of Fisheries as a matter which might come up on Friday. I have since been informed that the estimates of the Department of Fisheries

have not yet been called, so I suspect we might run into some technical difficulty if we dealt with those estimates on Friday.

The house leader will be back in his place on Monday and we will deal with the business of estimates for the latter part of the week.

Mr. Chevrier: Mr. Speaker, the acting house leader knows we have been asking to deal with the estimates of the Department of Labour for quite some time now. This would perhaps be an opportunity to do so.

Mr. Nowlan: That is an alternative that is always before us for Thursday and Friday.

Mr. Herridge: Mr. Speaker, the members of this group are anxious to see the quick passage of the pensions bill for the reasons expressed by the hon. member for Laurier and we are anxious to co-operate in any way possible.

Mr. Nowlan: Thank you. We are always grateful to receive such co-operation.

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

ANSWERS TO QUESTIONS

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

GROSSE ILE, QUE.—COAL TENDERS

Question No. 104—**Mr. Bourget:**

1. During the months of April or May 1960, did the Department of Agriculture invite tenders for the delivery of 300 tons of coal at Grosse Ile, Quebec?
2. If so, what was the name of each tenderer, and the amount of each tender?
3. To whom was the contract awarded, on what date, and at what price?

Answer by: **Hon. Alvin Hamilton (Minister of Agriculture):**

1. The Department of Agriculture invited tenders for the delivery of 300 tons of coal at Grosse Ile, Quebec, on May 27, 1960.

2. The name of each tenderer and the amount of each tender is as follows: Canadian Import Company, Quebec city, $5,649; Paquet & Fils, Levis, Quebec, $5,694.

3. The contract was awarded to the: Canadian Import Company, price, $5,649; date, August 11, 1960.

WHEAT AND FLOUR SHIPMENTS TO NORWAY

Question No. 112—**Mr. Boulanger:**

Following the agreement in August 1960 with Norway regarding storage of wheat and flour, how many tons of wheat and flour have been shipped to that country, and what was the turnover since this agreement was signed?

Answer by: **Hon. Howard C. Green (Secretary of State for External Affairs):**

Twenty thousand tons of flour, there has been no turnover.

FISH PRICES, ATLANTIC PROVINCES AND QUEBEC

Question No. 118—**Mr. Robichaud:**

1. What was the average landed price paid to fishermen for fresh cod in the years 1945, 1950, 1955, 1956, 1957, 1958, 1959, 1960, (a) in New Brunswick (b) in Nova Scotia (c) in Quebec (d) in Prince Edward Island (e) in Newfoundland?
2. What was the average landed price paid to fishermen for fresh haddock in the same years and same provinces mentioned in question 1?
3. What was the average landed price paid to fishermen for fresh flounders in the same years and same provinces mentioned in question 1?

Answer by: **Hon. J. A. MacLean (Minister of Fisheries):**

Average prices paid to fishermen for selected species, by provinces, Atlantic coast, 1945, 1950, 1955 to 1960

—	1945	1950	1955	1956	1957	1958	1959	1960
	(In dollars per 100 pounds)							
COD								
New Brunswick	3.52	2.22	2.56	2.49	2.44	2.94	3.17	2.87
Nova Scotia	3.51	3.24	3.36	3.40	3.10	3.36	3.75	3.45
Quebec	4.06	2.15	2.42	2.37	2.12	2.48	2.61	2.67
Prince Edward Island	3.71	2.01	2.67	2.94	2.05	2.29	2.88	2.75
Newfoundland	(2)	(2)	2.19	2.23	2.17	2.12	2.33	2.63
HADDOCK								
New Brunswick	3.99	6.68	4.06	4.31	4.92	6.15	6.10	5.30
Nova Scotia	4.52	4.96	3.48	3.42	3.63	4.59	5.09	4.38
Quebec	—	—	3.56	2.83	2.87	4.66	4.84	4.14
Prince Edward Island	6.56	4.92	3.03	3.58	3.86	4.46	4.64	4.62
Newfoundland	(2)	(2)	2.70	2.68	2.27	2.32	2.39	2.32
FLOUNDERS (1)								
New Brunswick	2.49	2.43	2.94	2.98	2.87	3.02	3.03	2.91
Nova Scotia	1.76	2.92	3.19	3.32	3.22	3.26	3.39	3.49
Quebec	4.32	2.71	3.10	2.82	2.93	3.15	3.18	3.00
Prince Edward Island	1.05	1.90	3.96	3.32	3.12	3.30	3.26	3.26
Newfoundland	(2)	(2)	2.97	2.76	2.78	2.79	2.72	2.72

(1) Includes all small flatfishes.

(2) Not available.

Supply—Items Passed

[The following items were passed in committee of supply]:

PUBLIC ARCHIVES AND NATIONAL LIBRARY

A—Public archives—

319. General administration and technical services, $716,268.

B—National library—

320. General administration, $269,281.

321. Payment to the national library purchase account for the purpose of acquiring books, in conformity with section 12 of the National Library Act, $40,000.

NATIONAL FILM BOARD

251. Administration, production and distribution of films and other visual materials, $4,988,112.

252. Acquisition of equipment, $172,380.

HOUSE OF COMMONS

Monday, February 27, 1961

The house met at 2.30 p.m.

HEALTH AND WELFARE

DEMONSTRATION USE OF ORAL POLIO VACCINE

On the orders of the day:

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, the house may be interested to learn of a major step forward being taken this week in connection with oral poliovirus vaccine. Starting today, community-wide use of the oral vaccine will be demonstrated in the city of Prince Albert, Saskatchewan. This demonstration, and one being held later this week in Wedgeport, Nova Scotia, will be the first on a community basis in this country.

The new vaccine, manufactured in Canada, is of the Sabin type, similar to that which has been used in other parts of the world.

STANDING ORDERS

CONCURRENCE IN FOURTH REPORT OF STANDING COMMITTEE

Miss Margaret Aitken (York-Humber) moved:

That the fourth report of the standing committee on standing orders, presented to the house on Thursday, February 23, 1961, be now concurred in.

Motion agreed to.

MOTIONS FOR PAPERS

ORDERS IN COUNCIL FIXING DUTIES

Motion No. 50—**Mr. Pickersgill (for Mr. Benidickson):**

For copies of orders issued by the Minister of National Revenue since December 1, 1958, under the provisions of section 38 of the Customs Act for the purposes of fixing duties.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, this is the matter with respect to which you said you were going to give a ruling on a certain point.

Mr. Speaker: Is this the matter in which the minister claimed—

Mr. Nowlan: The usual reservation, to which the hon. member for Bonavista-Twillingate took exception.

Mr. Speaker: If the minister would state the reservations that he meant it would put the matter before us. I am not sure whether the point of order was raised on the basis of the phraseology used by the minister or on his claim to incorporate the reservation as a part of the order. Perhaps the hon. member for Bonavista-Twillingate would indicate.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I shall be very glad to state the position I took the other day. Before doing so I should like to express my appreciation to the Minister of National Revenue for not pressing the point on Wednesday, when I was unable to be here.

The objection I took, sir, was that the minister had said "with the usual reservations", a phrase that has come increasingly to be used about these motions without any statement as to what is that usual reservation. The reason I raised the point was that it did not seem to me there was any kind of usual reservation that could possibly apply to this particular motion. But I also raised it for another reason, namely that I think we are slipping into the unfortunate habit of passing these motions without having an explicit statement, if there is a statement, of the nature of the reservation so the records of parliament will be quite clear on the subject.

Moreover, I maintain that since these motions are not debatable they are, therefore, not amendable, because it is not possible to make an amendment without engaging in debate, and I think the only basis on which an amendment to the motion can be made is with the unanimous consent of the house. Bearing in mind the nature of these motions, which are to get information for use in debate, I think it is very desirable that hon. members should know precisely what they are going to get.

There is another objection to having reservations made even when they are explicit reservations, such as getting the consent of provincial governments. In most instances it is just as easy to have the motion stand and get the consent before the motion is dealt with; then the member who moves the motion knows the material will be produced quickly, whereas in a good many instances there seem to be long delays as a result of these things going off the order paper and into a kind of oblivion. That was the point I was making. I took exception as a member to giving unanimous consent to the reservation in this particular instance.

Mr. Nowlan: Mr. Speaker, I have no desire to prolong the debate on a procedural matter. I used the expression "subject to the usual reservations" because there are various reservations. It may be a matter of confidential memoranda interdepartmentally; it may be a matter of getting the consent of the writer, perhaps a provincial premier, and very often the phrase "subject to the usual reservations" has been used.

I should like to point out that my hon. friend's suggestion, although he has modified it today, was that this practice had grown up under this government and I, putting it mildly, said that it had been followed before. I thought I could find no better authority on this matter than a Nova Scotia minister, and I think all hon. members will agree with that. I find that in 1957, the last time a minister from Nova Scotia representing the Liberal party was sitting on this side, Hon. Mr. Winters said, as found in volume 2, page 1824, "subject to the usual reservation". As found in volume 1, page 793, he said "subject to the usual reservations". As found in volume 3, page 2505, he said "subject to the usual reservations".

I am quite sure that if Mr. Winters took that position it was well founded. I do not have to go back beyond 1957, but undoubtedly there were scores more such instances. In this case the motion seeks orders issued by the minister, which is a rather euphemistic phrase, and I have simply used the reservation in this instance to prevent any confidential or interdepartmental memo from being produced subject to this order.

Mr. Pickersgill: If I may say a word about this point since I did make the observation, like the minister I took the trouble to go through the 1957 *Hansard* as well, and it is quite right that the minister from Nova Scotia, and on one occasion one other minister, said "with the usual reservations". However, in all the cases I saw there was on the face of them a reference to a provincial government, so that there could have been no doubt of the meaning, although it was a sloppy way to proceed, and I say that without reservation; I quite sincerely hold that view. I think we should maintain the proper forms of parliamentary practice most meticulously. Although I admit that the Minister of National Revenue was right that all the sloppiness was not in one part of the house, there was no ambiguity about those cases, whereas in this case it is quite impossible to see what there could be a reservation about.

There was one other point raised by the minister which is important, and I should like to say a word about it if I may. Hon. members do from time to time set down motions for papers which the government can claim are privileged. Those motions are not out of order. They have never been ruled by any of your predecessors to be out of order. They are motions on which the house can make a decision, and therefore to just say "subject to the usual reservations" with respect to that kind of communication would not be in keeping with the previous practice.

Mr. Erhart Regier (Burnaby-Coquitlam): On the point of order, Mr. Speaker, I am becoming increasingly alarmed at the number of motions that are accepted with the addition of the phrase "subject to the usual reservations". If the reservation involves a confidential document exchanged between a body of the government and a minister, I can understand the reservation. However, I cannot understand any other reservation. It has been pointed out to the house repeatedly in past years that there are no other reservations, and the consent of a provincial government is not needed in order to have the production of documents. If there is a communication between a provincial government and the federal government and this house decides that it wants production of the document, no consideration should be granted in the case of anything submitted by provincial governments.

In my opinion the term "with the usual reservations" is being enlarged and extended to an unwarranted degree. Unless the matter concerns the internal affairs of a department of the government, I feel that the phrase "with the usual reservations" should not apply, and I do not like the growing tendency that has been obvious over the last five or six years of a minister rising and saying "subject to the usual reservations" when none of us knows exactly what is meant by "usual reservations".

Mr. Speaker: The point which has been raised by the hon. member for Bonavista-Twillingate involves two problems. The first problem is the practice which permits the ministry to claim the right to withhold documents upon certain recognized grounds by asking the house to accept the motion for production of documents on the understanding that certain documents will not be produced. The other question is related to it. As I understand his second objection it is that we are, in effect, amending a non-debatable motion.

Perhaps it would be worth while to take a minute to read standing order No. 47. It reads:

> Notices of motions for the production of papers which the member asking for the same intends to move without discussion, shall be marked by him with an asterisk and shall be placed by the Clerk on the order paper under the heading "Notices of motions for the production of papers". All such

notices when called shall be forthwith disposed of; but if on any such motion a debate be desired, it will be transferred by the Clerk to the order of "Notices of motions".

It is clear from a reading of this standing order that such motions are not debatable. They are a special category of motion to be disposed of forthwith or, if they are to be debated, they are dealt with under a special procedure. It is not in order, therefore, to move an amendment. In fact no member could get the floor to move an amendment.

However, there has been a well recognized practice established in the house that a minister, who does not wish to be bound by an unqualified order of the house to produce documents which he does not propose to produce or does not wish to produce for some recognized reason of public policy, may rise and state his objection so that his objection will be a matter of record. This statement is, to some extent, a protection of the minister against the unqualified order of the house calling upon him to produce the documents mentioned. It is a practice which has commended itself to the house and which has been well established. Whatever the significance of such a statement may be, whether or not it amounts to an amendment, it is an established practice. I do not believe the hon. member rose to object to the practice being continued.

It may be of interest to the house to know that when these orders are passed by the house they are noted in *Votes and Proceedings* without any reference to the reservation made by the minister. He is, therefore, confronted with an order of the house in unqualified terms if he has not risen in his place to claim that certain documents are privileged as interdepartmental communications, confidential documents, private papers or whatever good reason there is, in the public interest, for not calling upon the minister to produce the documents. He might very properly be said to be in contempt of the house if this reservation were not noted.

There is an instance of that kind with which the Prime Minister will be familiar as he was a participant in the discussion. It arose in 1952. I will give the citation because it makes it clear that the practice we have been following in recent years was well established even then. The reference is contained in *Hansard* for 1952, April 28, page 1647, and that very point relating to the protection of the minister in delaying his compliance with an order of the house was at issue. I express my personal view that it would be preferable for a minister making reservations with respect to an order for the production of documents to do so in terms as explicit as possible. There are at least two categories of such reservations, confidential papers and documents to which other governments are a party. I note that the hon. member for Burnaby-Coquitlam states that this latter is not a proper category and that the hon. member for Bonavista-Twillingate suggests that such an exception should not be allowed and that it would be better to defer the making of the order until any necessary consent of another government had been obtained. Whether we follow this practice or not, I think it would be desirable that the reservation be claimed in specific terms. The minister may wish to follow the suggestion of the hon. member for Bonavista-Twillingate and stand the motion, or he may wish to proceed, asking the house to accept the motion, subject to the reservation claimed.

The other problem, that of amending a motion which is not debatable, has been dealt with by the house by unanimous consent, permitting the ministerial reservation to be expressed by the Chair when the motion is put. In effect a condition is attached to the motion with the unanimous consent of the house before the motion is put. The minister is protected by what he has said in the house, so if the minister claims the protection, it should be stated as expressly as it can be stated. The only obstacle to being explicit is that some of these general orders cover documents which have not yet been identified and the minister does not know what he will be faced with when he complies with the order.

Mr. Pickersgill: He can ask it to stand.

Mr. Nowlan: Mr. Speaker, in view of what has been said, I would ask that it stand.

Motion stands.

CAMPBELLTON-CROSS POINT BRIDGE

Motion No. 54—**Mr. Robichaud:**

For a copy of all correspondence, telegrams, and other documents exchanged since June 21, 1957, between the federal government or any agency or department thereof, not including the Department of Public Works, with any individual, engineering consultant firms or others, in connection with plans and specifications for the Campbellton-Cross Point bridge, including correspondence exchanged with any groups or syndicate prior to the approval of the project and up to this date.

Mrs. Ellen L. Fairclough (Acting Secretary of State): This motion is accepted on the understanding that the correspondence between the government engineering consultants and any group or syndicate is normally privileged.

Motion agreed to.

Motions for Papers

UNEMPLOYMENT INSURANCE STAMPS—APPLICATION FORMS

Motion No. 58—**Mr. Robichaud:**

For a sample copy, in English and French, of every application form authorized by the unemployment insurance commission for the purchase of unemployment insurance stamps, including forms used in the case of casual labour.

Motion agreed to.

VISSAC COMMENTARY ON RAND REPORT

Motion No. 59—**Mr. Argue:**

For a copy of the commentary submitted by Mr. Vissac concerning the report on the coal industry by Mr. Justice Rand.

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, on February 21 the hon. member for Assiniboia gave notice of motion for the production of a copy of the commentary submitted by Mr. Vissac concerning the report on the coal industry by Mr. Justice Rand.

As already explained to the house on Wednesday last by the Secretary of State for External Affairs, in reply to a question by the hon. member for Gloucester, this paper by Mr. G. A. Vissac, a member of the dominion coal board, is a working paper. It is an internal document, and as such it is privileged.

Mr. Chevrier: On a point of order, Mr. Speaker. We feel that this is an officer who is not a member of the Rand commission, and the commentary contains a submission that would be helpful as a solution to the problem.

Mr. Speaker: Order. The hon. member is in effect debating a motion. The minister is entitled in our practice to rise and say that the motion is not acceptable because the document is claimed to be privileged, which the minister has done. If the house wishes a debate there is the rather ineffectual procedure provided of having the motion put under notices of motions, for debate at a later time. I have no choice but to ask the house to either accept or reject the motion in the light of the claim made by the minister.

Mr. Argue: Mr. Speaker, in view of the widespread public interest in this matter, in the production of this report—

Mr. Speaker: Order.

Mr. Argue: I would ask that the question be put.

Mr. Speaker: The question will be put, but the hon. member is debating it in making the statement that the document should, or should not, be produced. The claim is made that it is a preferential document and that it would not be in the public interest to produce it. It is for the house to determine in the circumstances whether the motion should be withdrawn or whether it should be passed.

The house divided on the motion (Mr. Argue) which was negatived on the following division:

YEAS

Messrs:

Argue	McIlraith
Batten	McMillan
Benidickson	McWilliam
Caron	Martin (Essex East)
Carter	Martin (Timmins)
Chevrier	Michaud
Clermont	Mitchell
Godin	Peters
Granger	Pickersgill
Habel	Pitman
Hellyer	Regier
Herridge	Richard (Ottawa East)
Howard	Robichaud
Leduc	Winch—28.

NAYS

Messrs:

Aiken	Gundlock
Aitken, Miss	Halpenny
Anderson	Hamilton (Notre Dame de Grace)
Balcer	Hamilton (Qu'Appelle)
Baldwin	Hanbidge
Bell (Carleton)	Harkness
Bell (Saint John-Albert)	Henderson
Bigg	Hicks
Bourdages	Hodgson
Broome	Horner (Acadia)
Browne (St. John's West)	Horner (The Battlefords)
Browne (Vancouver-Kingsway)	Howe
Brunsden	Jones
Campbell (Lambton-Kent)	Jorgenson
Campbell (Stormont)	Keays
Cardiff	Kennedy
Casselman, Mrs.	Kindt
Cathers	Knowles
Charlton	Korchinski
Chown	Kucherepa
Churchill	Lambert
Clancy	Macdonnell
Coates	MacEwan
Comtois	MacLean (Queens)
Cooper	MacLean (Winnipeg North Centre)
Creaghan	Macquarrie
Crouse	McBain
Danforth	McCleave
Diefenbaker	McFarlane
Dinsdale	McGrath
Doucett	McIntosh
Drysdale	McLennan
English	McPhillips
Fairclough, Mrs.	Mandziuk
Fairfield	Matthews
Fane	Milligan
Fleming (Eglinton)	Monteith (Perth)
Fleming (Okanagan-Revelstoke)	Montgomery
Flemming (Royal)	More
Forbes	Morris
Fulton	Muir (Lisgar)
Grafftey	Nasserden
Green	Nesbitt
	Nowlan

Nugent	Smith (Lincoln)
O'Hurley	Southam
O'Leary	Speakman
Ormiston	Starr
Pascoe	Stefanson
Payne	Tremblay
Phillips	Villeneuve
Rapp	Vivian
Regnier	Walker
Robinson	Webb
Rogers	White
Sevigny	Winkler
Skoreyko	Woolliams
Smith (Calgary South)	Wratten—115.

UNEMPLOYMENT INSURANCE COVERAGE INSTRUCTIONS

Motion No. 60—**Mr. Robichaud:**

For a copy of coverage instructions C-102 to C-108 inclusive, and of any amendments thereto, with regard to rulings on coverage, as contained in the new insurance coverage manual issued in October 1955 by the unemployment insurance commission, together with the corresponding instructions contained in the insurance coverage manual issued in January 1950.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I must give the same information in connection with this motion that I gave as to a similar motion the other day. These are instructions relating to the internal operations of the unemployment insurance commission; they relate to the administration of the act and the methods and procedures to be followed.

I cannot agree to a series of motions which would seek to obtain by a fragmentary process that which was not allowed in a single motion. I am informed by the officials of the unemployment insurance commission that the instructions which go out to the staff and which together comprise the manuals of instruction are of a confidential and private nature dealing with matters relating to internal administration and therefore not in the public interest to produce.

Mr. Harold E. Winch (Vancouver East): On a question of privilege, Mr. Speaker, do I understand that the Minister of Labour has said that instructions to his department as to its operation and principles is a matter of a confidential nature and should not be made public? If so, then we challenge his answer on this.

Mr. Speaker: What the hon. minister said related to the subject matter of this motion which has now to be put:

Moved by Mr. Robichaud, seconded by Mr. Leduc—

An hon. Member: This is unheard of.

Mr. Speaker: Order.

—that an order of the house do issue for a copy of coverage instructions C-102 to C-108 inclusive, and of any amendments thereto, with regard to rulings on coverage, as contained in the new insurance coverage manual issued in October 1955 by the unemployment insurance commission, together with the corresponding instructions contained in the insurance coverage manual issued in January 1950.

Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Winch: Do I understand—

Mr. Speaker: Order. The hon. member will have to reserve whatever he has in his mind until the vote has been taken. It is not in accordance with the rules to interrupt the procedure of voting.

Those who are opposed to the motion will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The house divided on the motion (Mr. Robichaud) which was negatived on the following division:

YEAS

Messrs:

Argue	McIlraith
Batten	McMillan
Benidickson	McWilliam
Caron	Martin (Essex East)
Carter	Martin (Timmins)
Chevrier	Michaud
Clermont	Mitchell
Deschatelets	Peters
Godin	Pickersgill
Granger	Pitman
Habel	Regier
Hellyer	Richard (Ottawa East)
Herridge	Robichaud
Howard	Winch—29.
Leduc	

NAYS

Messrs:

Aiken	Clancy
Aitken, Miss	Coates
Anderson	Comtois
Balcer	Cooper
Baldwin	Creaghan
Bell (Carleton)	Crouse
Bell (Saint John-Albert)	Danforth
Bigg	Diefenbaker
Bourdages	Dinsdale
Broome	Doucett
Browne (St. John's West)	Drysdale
Browne (Vancouver-Kingsway)	Dubois
	English
Brunsden	Fairclough, Mrs.
Campbell (Lambton-Kent)	Fairfield
	Fane
Campbell (Stormont)	Fleming (Eglinton)
Cardiff	Fleming (Okanagan-Revelstoke)
Casselman, Mrs.	
Cathers	Flemming (Royal)
Chambers	Forbes
Charlton	Fulton
Chown	Grafftey
Churchill	Green

Inquiries of the Ministry

Gundlock
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (The Battlefords)
Howe
Jones
Jorgenson
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lambert
Macdonnell
MacEwan
MacLean (Queen's)
MacLean (Winnipeg North Centre)
Macquarrie
McBain
McCleave
McFarlane
McGrath
McIntosh
McLennan
McPhillips
Mandziuk
Martineau
Matthews
Milligan
Monteith (Perth)
Montgomery
More
Morris
Muir (Lisgar)
Nasserden
Nesbitt
Nowlan
O'Hurley
O'Leary
Ormiston
Pascoe
Payne
Phillips
Rapp
Regnier
Ricard
Robinson
Rogers
Sevigny
Skoreyko
Smith (Calgary South)
Smith (Lincoln)
Southam
Speakman
Starr
Stefanson
Tremblay
Villeneuve
Vivian
Walker
Webb
White
Winkler
Woolliams
Wratten—118.

NUCLEAR REACTOR CONSTRUCTION, INDIA

Motion No. 65—**Mr. Regier:**

For a copy of all letters, reports, or other submissions made to the government in connection with the building of such nuclear reactor in India as was made possible by Canadian participation.

Hon. Howard C. Green (Secretary of State for External Affairs): May I ask that this motion stand, Mr. Speaker? There are certain inquiries to be made before we will be in a position to deal with it.

Motion stands.

AIR TRANSPORT

APPLICATIONS BY U.S. LINES FOR ADDITIONAL FLIGHTS FROM TORONTO

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport, Mr. Speaker. Is the minister aware that the civil aeronautics board of the United States has before it for approval applications by two United States air lines to link Toronto with Miami on one flight and Toronto with Washington and Philadelphia by another flight, both flights proceeding via Buffalo? What comment has the minister to make on these applications, which will cause untold harm to Canadian air lines?

[Mr. Speaker.]

Hon. Leon Balcer (Minister of Transport): I have read this article in the *Financial Post*, and I can only inform the house that at the present time we are watching the situation very closely.

Mr. Chevrier: May I ask a supplementary question. What efforts are being made by the Canadian government to obtain fifth freedom rights for T.C.A. to Miami and Los Angeles and similar rights for C.P.A. to Los Angeles and San Francisco?

Mr. Balcer: These matters are matters of government policy and will be announced in due course.

FREIGHT RATES

GRAIN—REQUEST FOR DISALLOWANCE OF INCREASED RATES TO EASTERN PORTS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I also have a question for the Minister of Transport arising out of a decision of the board of transport commissioners permitting a 25 per cent increase in freight rates on grain moving through Georgian bay to east coast and St. Lawrence river terminals. In view of the belief in Halifax that high rates will result in a diversion of traffic to United States ports with subsequent damage to the port of Halifax, will the minister or the government consider setting aside the decision under section 53 of the Railway Act?

Hon. Leon Balcer (Minister of Transport): Well, Mr. Speaker, we will take the matter under advisement.

UNITED NATIONS

CONGO—REPORTED ATTACKS ON CANADIAN PERSONNEL

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Secretary of State for External Affairs whether he has anything to tell the house about the reported maltreatment of Canadian personnel attached to the United Nations force in the Congo by mutinous Congolese forces?

Right Hon. J. G. Diefenbaker (Prime Minister): Since this matter covers two departments, perhaps it would be in order for me to give a reply. The house is, of course, aware of reports to the effect that Canadian and other UN personnel were attacked and beaten by Congolese soldiers last night in the vicinity of Leopoldville. I am informed that none of these men was seriously injured and that no Canadian personnel are at present being detained.

The house, I am sure, will join me in deploring these incidents. Urgent inquiries

have been made of the United Nations secretary general, and the government's deep concern has been expressed that Canadian military personnel serving with the United Nations forces in the Congo should have been subjected to this kind of assault and indignity. As of this moment the secretary general has not received an official report on what took place, but he has been made aware of the government's request for an immediate investigation.

In addition to the action in question, two members of the Canadian provost corps were arrested while on duty in Leopoldville but released after a short period and without injury. This is in addition to the troops who were taken into custody in the incident I described earlier. They were jostled about but not seriously hurt, and were released after a short time. I should remind the house, too, that according to reports received it was not only Canadians who were the victims of such treatment. The United Nations command immediately issued a warning to the Congolese army and the responsible authorities that such attacks would not be tolerated.

The house will understand, however, that the situation being grave and changing from hour to hour, there is little further one can say at this time. I do want to make one thing clear, and it is this. The United Nations operation in the Congo must be upheld, fraught though it is with risk for all of those who are carrying out their duties there. I am sure the house would wish me to express the sympathy of the Canadian people to the families of those Canadians who were attacked, and to couple therewith the admiration of Canadians for those who are serving Canada under such difficult circumstances.

Mr. Harold E. Winch (Vancouver East): I should like to ask the Prime Minister a supplementary question. In view of the circumstances he has outlined and the situation of the Canadian troops in the Congo, what is the authority so far as our Canadian troops are concerned and what is their equipment? Is it the s.m.g.? Are they authorized by Canada to use this equipment if attacked?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, the Canadian troops in the Congo are armed with personal weapons only, that is pistols and very light automatic rifles.

Mr. Winch: Up to the s.m.g., may I ask?

Mr. Harkness: I think what the hon. member has in mind is a somewhat bigger weapon. This weapon is somewhat similar to a Sten gun. These are weapons for personal protection only, and the troops are under orders to use them only on the command of the United Nations authorities in the Congo. The general order which has been in effect, as I understand it, is that the men will not use these weapons when they are stopped under circumstances such as those when these men were stopped. This has been the order up to date, so far as I know it.

Mr. Winch: May I ask a supplementary question. I think it is very important. If the troops in the Congo are attacked, and having weapons up to the s.m.g., do they have authority to fire?

Mr. Harkness: Mr. Speaker, I think I have made the situation as clear as I can. They have, I think, authority to fire if they are personally attacked. However, under circumstances such as these where, as I understand it, a patrol of Congolese soldiers stops a jeep which has two or four Canadian soldiers in it, the normal thing has been for them not to respond by firing.

[*Later:*]

Mr. Harkness: Perhaps I could clarify the answer I gave a moment ago, Mr. Speaker. If the Canadian soldiers stationed in Leopoldville were attacked in their quarters for example, they would then fire to defend themselves. The situation is along this line, that when there is a concerted attack they are authorized to fire in self defence. However, in a case such as this in which one or two men are stopped by a patrol, as I understand it they have not been authorized to use their arms.

Mr. Winch: What is the authorization if you are attacked by two or a dozen?

Mr. Harkness: I think I have made the position about as clear as I can make it. If there is a concerted attack on a body of Canadian or other troops, they fire to defend themselves. However, if it is a matter of two or four soldiers, something like that, going along the street and being stopped by a patrol of Congolese soldiers, they do not start a fight.

INQUIRY AS TO CANADIAN POLICY AT GENERAL ASSEMBLY

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): This being February 27, and the fifteenth general assembly of the United Nations due to reconvene on March 7, I should like to ask the Secretary of State for External Affairs whether in view of the importance of this forthcoming meeting he can give the house any information as to the policy which will be expressed by himself on behalf of the government with regard, first of all, to the question of the Congo. Next, in particular, I should like to ask him if he can give us

any assurance that either personally or through our permanent representative he will press for further action with regard to the motion and procedure he put forward in connection with the call for an immediate meeting of the committee on disarmament and for an ad hoc committee.

Mr. Speaker: If the minister wishes to reply he is, of course, at liberty to do so, but the hon. member seems to have asked a range of questions which it would take a considerable time to deal with.

Hon. Howard C. Green (Secretary of State for External Affairs): The resolution on disarmament which was originally sponsored by Norway, Sweden and Canada and which is now co-sponsored by 16 other countries still stands, and it will be brought up for consideration at the session which is to commence on Tuesday next.

With regard to the Congo question, I am not yet sure what form the discussion on that very important subject will take, so I cannot tell the house as yet what stand Canada will be taking on that subject.

TRANSPORT

PRINCE EDWARD ISLAND—INQUIRY AS TO CONSTRUCTION OF NEW FERRY

On the orders of the day:

Mr. Heath Macquarrie (Queens): I should like to direct a question to the Minister of Transport. In view of the recent breakdown of the ferry *Abegweit* on the Prince Edward Island ferry service during severe winter conditions, can the minister inform the house whether the new ferry vessel which is now being constructed by his department will be ready for operation next winter, and whether this vessel is being built for operation under winter ice conditions in the strait?

Hon. Leon Balcer (Minister of Transport): This new ferry vessel is now under construction at the Halifax shipyard and will be ready for operation next winter. The vessel is being strengthened for navigation in ice and will be capable of operating as effectively as the *Abegweit* under winter conditions.

NATIONAL DEFENCE

PETAWAWA—REPORTED COMPULSORY MEMBERSHIP IN YACHT CLUB

On the orders of the day:

Mrs. Jean Casselman (Grenville-Dundas): Mr. Speaker, I would like to direct a question to the Minister of National Defence. Has the minister any comment to make in regard to press reports concerning the possible formation of a yacht club at Camp Petawawa?

[Mr. Winch.]

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, this is a matter which has had a considerable amount of publicity over the week end and probably most hon. members are aware of the situation. However, it is this. A regimental sailing club was organized at Camp Petawawa in the summer of 1960, with membership on a voluntary basis. Membership dues are officers, $10; senior N.C.O.'s $5; men below the rank of sergeant, $3. The amount collected to date is some $1,400. The major portion of this sum has been used to pay for two sailing boats. These were purchased last August, and authority was obtained from brigade headquarters for the initial expenditure to be made from regimental, non-public funds with the understanding that the money would be paid back in due course from membership fees in the sailing club.

The boats were for the use of all members of the club with no rank distinction, and I am informed that during August and September of last year the two boats were mainly used by men of the rank of corporal or below. Since membership is on a voluntary basis, the allegations which have been made that men were forced to pay into this really have no authority at all. There are various explicit instructions from army command headquarters that no forced fees of any kind along this line can be collected.

However, in this particular case one of the six companies in this particular battalion put a notice on the notice board which was subject to misinterpretation. This has now been removed, and I would hope that any misapprehensions or difficulties which may have arisen in regard to this incident have now been set right.

(Translation):

MONTREAL—INQUIRY AS TO AID FOLLOWING STORM

On the orders of the day:

Mr. Rodrigue Bourdages (Laval): Mr. Speaker, I wish to put a question to the Minister of National Defence.

Can the minister tell me if, during the storm which swept down upon Montreal last Saturday and Sunday, a request was made by the municipal authorities of that city for assistance from the Department of National Defence, and if so what was the nature of their request?

(Text):

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, on Sunday, February 26, requests for aid were received from Montreal municipal authorities by headquarters, Quebec command, and the G.O.C. held a co-ordinating conference with Mayor Drapeau of Montreal.

The requests received were for the loan of equipment. Arrangements were made by Quebec command for the following assistance: (a) over 2,000 blankets were loaned to city authorities and delivered to 10 schools which were opened by the city of Montreal to accommodate families who were without heat; (b) Nelson heaters were loaned to hospitals to provide heat in nurseries; (c) electric generators were loaned to hospitals; (d) a field kitchen was set up and cooks provided to provide facilities to cook rations for civilians without cooking facilities in the Dorval area.

During the night of February 26-27 it was necessary to call out a small number of militia drivers to supplement the Canadian army regular drivers who were employed on these duties.

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO PROTESTS AGAINST INTENDED LAY-OFFS

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I would like to address a question to the Minister of Transport. I indicated to him that I proposed to raise a question with respect to a question that was raised last Tuesday and appears at page 2242 of *Hansard*. The question was raised then by the hon. member for Assiniboia. In view of the fact that I too have received telegrams from employees of the Canadian National Railways in two railway terminals in my riding, would the minister comment as to whether or not these C.N.R. lay-offs are on a national basis, and whether or not they contravene the assurances given by the minister with respect to the reinstatement of the employees after passage of Bill No. C-45.

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, when this question was asked last Tuesday I informed the house that I would immediately refer the matter to the management of the Canadian National Railways. So far I have not received a report in this regard.

SHIPPING

NEW BRUNSWICK—REQUEST FOR ICEBREAKER TO RELIEVE FLOOD CONDITIONS

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I would like to direct a question to the Minister of Transport. My question is based on the reply I received from the minister to a question I addressed to him on Monday, February 20, when he informed the house that no request had then reached his office for icebreakers to clear the Saint John river up to Fredericton. May I ask the minister, in view of a report that appeared in the Fredericton *Gleaner* on February 22 stating that letters had been sent on February 10 to Mr. Balcer and Mr. Bell, whether he has received such a request, and what is the nature of his reply.

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, at the time the hon. member asked me that question this letter had not reached my desk. I have now received such a letter and have replied to the person making the request that at the present time and in the present circumstances the proposal is not acceptable.

POWER

COLUMBIA RIVER—DATE OF MEETING WITH B.C. PREMIER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Minister of Finance. In view of the presence of the premier of British Columbia here in the parliament buildings for two days last week, while attending the dominion-provincial fiscal conference, did the minister take advantage of the premier's presence to discuss dominion-provincial financial arrangements related to the development of the Columbia river? If so, has he any information that will enlighten the house as to developments in this situation?

Hon. Donald M. Fleming (Minister of Finance): Yes, Mr. Speaker, there was opportunity to discuss this subject last week. It may interest the hon. member to know that when the premier of British Columbia and I met each other on Thursday morning we instinctively greeted each other with the words "Hail Columbia". We did discuss the date of the proposed meeting, and I made a proposal. At noon today I received a wire from Victoria confirming the proposal which I had made. The meeting will be held in Victoria on Friday, March 24th.

DEFENCE PRODUCTION

INQUIRY AS TO PROPOSED NEW PLANE EXCHANGE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I would like to direct a question to the Minister of Defence Production. I would like to ask the minister if there is a new defence production deal under discussion with the United States which would see Canada producing the F-104's for NATO countries and getting the F-101's in exchange from the United States for our NORAD squadrons.

Inquiries of the Ministry

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, I have nothing to add to my reply of the other day, when I said we are interested in and appreciative of any offer from the United States to help our aircraft industry. Any proposition that has been forwarded to us from the United States is receiving very thoughtful consideration and study.

Mr. Chevrier: May I ask a supplementary question of the Prime Minister. The question I asked the Minister of Defence Production the other day did not deal with an exchange such as I put forward to him today, but dealt with the CL-44. The question I would like to ask the Prime Minister is this. May I ask the Prime Minister whether this question which I have just put to the Minister of Defence Production was discussed with the President of the United States, as stated by Mr. Knowlton Nash in an article which appeared in the *Financial Post* of February 25.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think all I can appropriately say to that is that during our discussions we covered a variety of matters including these increases in defence production sharing.

BROADCASTING

WINNIPEG—INQUIRIES REGARDING LICENCE FOR STATION CKY-FM

On the orders of the day:

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): Mr. Speaker, on Wednesday or Thursday of last week the hon. member for Laurier asked a question of the Minister of National Revenue with respect to an application for a licence by CKY, Winnipeg.

The minister has received inquiries or representations through the Minister of Veterans Affairs and the members for Winnipeg South and Winnipeg North, and the board of broadcast governors have received a considerable number of telegrams and letters from private citizens and television dealers in Winnipeg expressing opposition to the granting of a licence to station CKY for authority to establish an FM broadcasting station in Winnipeg on the frequency mentioned. However, the chairman of the board of broadcast governors on Thursday morning last made a statement and the applicant then deferred his application.

[Mr. Chevrier.]

LABOUR CONDITIONS

ALLEGED DISPUTE BETWEEN S.I.U. AND BRITISH SEAMEN'S UNION

On the orders of the day:

Mr. Walter Pitman (Peterborough): I should like to direct a question to the Minister of Labour. There has been considerable concern expressed in British newspapers that as a result of last year's dispute between the seamen's international union and the British national union of seamen, British ships which carry crews who are members of the latter union may be interfered with in using Canadian ports, including the St. Lawrence seaway, in the coming shipping season.

Has the Department of Labour made any recent investigation of this matter and, if so, could the minister report any progress?

Hon. Michael Starr (Minister of Labour): The Department of Labour has not conducted any investigation into relations between the S.I.U. and the British national union, nor has there been any request for such an investigation to be made.

DOMINION-PROVINCIAL CONFERENCE

REQUEST FOR TABLING OF FEDERAL PROPOSAL

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the Prime Minister whether for the convenience of hon. members he would consider tabling the proposal made to the provinces and having it made an appendix to *Hansard*, perhaps tomorrow?

Right Hon. J. G. Diefenbaker (Prime Minister): Yes, Mr. Speaker.

BRIDGES

INTERPROVINCIAL BRIDGE, OTTAWA—INQUIRY AS TO SIGNING OF AGREEMENT

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): I wish to address a question to the Minister of Public Works and ask him whether the agreement has been signed between the dominion government and the governments of the provinces of Ontario and Quebec regarding the construction of a new bridge between Ottawa and Hull.

Hon. D. J. Walker (Minister of Public Works): I wish to thank the hon. member for Ottawa West for asking this question, and I am happy to say that this morning Hon. Mr. Cass for Ontario and Hon. Rene Levesque for Quebec attended with the mayors of Ottawa and Hull, and Mr. Cass and Mr. Levesque

signed with me the final agreement for the completion of this bridge between Ottawa and Hull.

I want to take this opportunity of thanking the governments of both provinces and the authorities of both cities for their complete co-operation in this matter, and also to say at this time that after every previous government had apparently reached a deadlock with regard to this project, it was through the efforts of the Prime Minister of Canada—

Mr. Speaker: Order.

(Translation):

Mr. J. T. Richard (Ottawa East): Mr. Speaker, I wish to address a supplementary question to the Minister of Public Works. Will the minister table a copy of the agreement signed this morning? In addition, can he tell us if the plans and specifications have been completed and when the work will be undertaken?

(Text):

Mr. Walker: I would be very happy to do that, Mr. Speaker.

[*Later:*]

Mr. Richard (Ottawa East): Just in case the Minister of Public Works did not understand my rapid delivery in French a while ago, I wanted to ask him if he would agree to lay on the floor of the house the agreement with the provinces, and also tell us whether the plans for the bridge had been completed and when the work would start. I hope we understand each other.

Mr. Walker: I do not agree to lay the agreement on the floor—

Mr. Richard (Ottawa East): On the table, then.

Mr. Walker: I should be very happy to do that, and I apologize to the hon. member for not being able to follow all his question. As far as the commencement of work on the bridge is concerned, we have already taken the liberty of making some borings while the ice on the river was still secure. This very afternoon, now that the agreement has been signed, we have our liaison committee made up of representatives from each of the provinces and each of the cities as well as the dominion government meeting to plan the order of procedure from now on.

All I wanted to say earlier was that this bridge would not have been possible had it not been for the Prime Minister of Canada, whose force has been behind this project from September last.

Mr. Richard (Ottawa East): A supplementary question. May we get rid of all that verbiage and find out when the bridge will be built?

Mr. Speaker: Order. I think the hon. member has received a fairly explicit answer with regard to the time of commencement. I do not think he ought to tempt the minister into the realm of prophesy.

Mr. Walker: With the greatest respect, Mr. Speaker, I think that question deserves an answer, and the answer is simply this; much faster than it would have been under the late administration.

HOUSING

USE OF PHOTOGRAPHS OF MINISTERS IN ADVERTISEMENT

On the orders of the day:

Mr. O. J. Godin (Nickel Belt): May I direct a question to the Minister of Public Works. Would the minister have any comment to make concerning the statement made or the reply given outside this house by members of his department in relation to a question I asked in the house implying that his picture and that of the Prime Minister should not have formed part of an advertisement—

Mr. Speaker: Order. I think the hon. member is inquiring about a private advertisement as I recall the situation. If that is so, then certainly this is not something which is the administrative responsibility of the minister.

Mr. Godin: On the point of order which you have just raised, I feel with all due deference that this is a public matter since the advertisement was sponsored by a minister of the crown. Unfortunately for members of parliament here, the answer to that type of conduct was given by the Department of Public Works, and I have—

Mr. Speaker: Perhaps the hon. member would indicate which minister sponsored the advertisement, thus laying the basis for his question. On the information I have, the advertisement was a private advertisement. Perhaps the hon. member would address this question to the minister first, so that it may be determined whether there is involved a matter over which the minister takes responsibility.

Mr. Godin: The advertisement carries the picture and the sponsorship of the minister—

Mr. Speaker: I understand that, but in the absence of any further connection with administrative responsibility I cannot accept the question.

Mr. Godin: On this point, all I am wanting to know for the people is whether the minister authorized this sponsorship of the advertisement, whether it is private or not.

Inquiries of the Ministry

Mr. Speaker: I think the hon. member might ask a particular minister whether he had authorized the advertisement in an administrative capacity.

Mr. Godin: That was the question I addressed to the Minister of Public Works—

Some hon. Members: Oh, oh.

Mr. Godin: Did the minister authorize the part he took in the advertisement?

Hon. D. J. Walker (Minister of Public Works): As the hon. member very well knows, the answer is no.

BUSINESS OF THE HOUSE

INQUIRY AS TO CONSIDERATION OF PENSION ACT

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, before we reach the orders of the day I should like to address a question to the government house leader, who also happens to be the Minister of Veterans Affairs, who was unavoidably absent last Friday at the close of our sitting. My question refers to item No. 1 on our order paper, the Veterans Pension Act. I should like to ask the minister what arrangements are being made by the government, in view of the wording of clause 13 of the pension bill, to comply with the recommendations contained in the third report of the standing committee on veterans affairs, one of which is that a date not later than March 1 be made the effective date for the payment of the increased rates of pensions set out in the schedule to the bill.

Mr. Speaker: I think the hon. member is asking a question about matters which are before the house and not a matter of administrative responsibility; or even referring to the business of the house.

Mr. Benidickson: In view of the fact that the acting house leader at the conclusion of our sitting on Friday night indicated that today's orders might be subject to change, I thought this was the most appropriate time to give the house leader, who is actually also in charge of this bill, an opportunity to tell the house at what stage today or tomorrow we might expect this legislation.

Hon. Gordon Churchill (Minister of Veterans Affairs): Mr. Speaker, had there been any change proposed in the program for today I would have risen earlier to announce it. The program for today stands.

[Mr. Godin.]

VETERANS AFFAIRS

REQUEST FOR REDUCTION IN SMALL HOLDING REQUIREMENT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Veterans Affairs. It is one of great urgency, because spring has come to the Kootenays. My question is based on telegrams that I have received from 12 branches of the Canadian Legion representing over 2,000 members.

In view of the fact that the minister has received representations urging the reduction of acreage for establishment under the small holdings section of the Veterans Land Act, and in view of the fact that the minister and his officials have been giving consideration to this problem for some time, can the minister inform the house when we may expect an announcement of government policy in this matter of such urgent importance to many veterans, who are anxious to have the opportunity to take advantage of this excellent legislation?

Mr. Speaker: The hon. member has put forward a plea, it is true, but it seems to me that in the terms of the question itself it is a request for a declaration of policy, and furthermore it is not a matter for immediate disposition.

Mr. Herridge: Mr. Speaker, I am only asking when we may expect an announcement, not the policy.

Hon. Gordon Churchill (Minister of Veterans Affairs): Mr. Speaker, the difficulty here is that an answer to this question would of necessity be a lengthy one, which is contrary to the rules. I fully appreciate the problem. It is under consideration, and very careful consideration. When policy, if any, is to be announced with regard to this matter, it will be announced in the usual manner in the house.

INDUSTRY

AUTOMOBILES—INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, in view of what the Prime Minister said in this context a month ago, may I now ask him whether he is in a position to tell the house when we may expect to hear from the royal commissioner examining into the state of the automobile industry.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have not had any communication from Commissioner Bladen during the last few days. I will communicate with him.

NUCLEAR ENERGY

REPORTED WARNING BY HEAD OF COMMITTEE ON RADIATION HAZARDS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like to direct a question to the Prime Minister. In the light of the public appeal of last week, in which there was a warning to Canadians of the dangers of nuclear explosions, by Dr. Keenleyside, head of the national committee on radiation hazards, does this national committee still enjoy the good wishes of the government of Canada?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have not this committee particularly in mind, but all committees that perform a national duty enjoy the good wishes of the government.

POST OFFICE DEPARTMENT

TIMMINS, ONT.—REPORTED CARRYING OF MAIL BY STRIKEBREAKERS

On the orders of the day:

Mr. M. W. Martin (Timmins): Mr. Speaker, in order to avoid being accused of a fate worse than death, may I ask the Postmaster General a question across the house instead of going across the house to ask the minister a question. Has the minister anything further to report to the house on the strike situation in Timmins, involving mail contracts being carried out by alleged strikebreakers being paid as low as 65 cents per hour?

Hon. W. M. Hamilton (Postmaster General): Nothing, Mr. Speaker.

COMMONWEALTH RELATIONS

SOUTH AFRICA—INQUIRY AS TO CANADA'S POSITION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister, arising out of a report in the London *Daily Mail* that the Prime Minister has informed Prime Minister Macmillan that Canada is not prepared to give blanket approval to South Africa's re-entry into the commonwealth; and the further statement that the Prime Minister is determined to force an issue upon South Africa's apartheid policy.

Can the Prime Minister assure the house that at the coming commonwealth conference Canada's position will be to oppose the re-entry of South Africa into the commonwealth until such time as apartheid policies in that country have been changed?

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Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, if I may be allowed to make a statement at some length I may be able to answer, but I would have to have the consent of the house.

Some hon. Members: Agreed.

Mr. Argue: On a point of order, Mr. Speaker, in view of the great importance of this question we should be very happy to give the Prime Minister our consent to proceeding with the statement, even if it is lengthy.

Mr. Speaker: Order. Before the Prime Minister does proceed, I take it that his answer will be in the nature of a statement and will be of some length. I should like to be assured that the entire house is in agreement.

Some hon. Members: Agreed.

Mr. Diefenbaker: Mr. Speaker, it is to be understood that this is an answer to a question and is not to precipitate a debate here. If I am to answer this question, it is to be an answer in the ordinarily accepted meaning in which answers are given to questions, but it is not to become a means whereby a debate will be engendered.

Hon. Paul Martin (Essex East): Mr. Speaker, I think the house generally, in a matter of this importance, will not quibble as to the procedural situation. If the Prime Minister feels that he wishes to make a statement on a matter of such importance, I would think it was in the national interest that he be allowed to do so.

Mr. Speaker: The suggestion of the Prime Minister is that he be allowed to make an answer which is somewhat longer than would ordinarily be the case. I take it the house gives its consent.

Some hon. Members: Agreed.

Mr. Diefenbaker: Mr. Speaker, I have seen the article in question. As the house knows, one of the matters which will come before the Prime Ministers' meeting next week is whether South Africa, after it has taken the final step to become a republic, shall continue to be a member of the commonwealth.

I feel, and I think the house would agree, that it would not be appropriate for me to make any statement which could be construed as prejudging the discussions which will take place. However, I should say this; that any suggestion that there has been a warning as to what Canada might or might not do in certain circumstances is most unhelpful. My views are a matter of record, and throughout my life I have stood against discrimination on the basis of race or colour.

The views that were expressed by me last year are still applicable. I would refer hon. members to a statement which I made on May 16, 1960, when reporting on the just concluded meeting of commonwealth prime ministers. At that time I read the relevant section of the communiqué which was issued. That section reads as follows:

> In the event of South Africa deciding to become a republic and if the desire was subsequently expressed to remain a member of the commonwealth, the meeting suggested that the South African government should then ask for the consent of the other commonwealth governments either at a meeting of commonwealth prime ministers or, if this were not practicable, by correspondence.

It has been found that it would be most practicable to have this matter discussed at a prime ministers' conference rather than a decision made through the medium of correspondence. Then I went on to say:

> This established clearly that membership in the commonwealth is not a formality. These words speak for themselves. They make clear that the prime ministers were not prepared to give an advance assurance that South Africa might remain a member of the commonwealth in the event that a decision was made to adopt the status of a republic. Therefore, the important point is that if a change of status does take place as a result of the referendum—

There has been an affirmative referendum since in favour of a republic. I continue:

> —the consent of the other commonwealth governments will be required as a precondition of continued membership.

To this statement I would only add today that in view of the explosive conditions which prevail in many parts of Africa, it would be far from beneficial to endeavour to dramatise in advance of the conference the differences of view that may exist in different countries of the commonwealth.

The attitude that the members of the commonwealth have taken throughout has been that whatever the strong feelings held by various prime ministers, or whatever their views, there would be no predetermined decision made before all the elements going into that decision had been discussed by the prime ministers of the various countries of the commonwealth.

CANADIAN BROADCASTING CORPORATION

INTERNATIONAL SERVICE—ALTERNATIVE EMPLOYMENT FOR DISPLACED EMPLOYEES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the Minister of National Revenue whether the Canadian Broadcasting Corporation has been able to arrange alternative employment for persons displaced by the curtailment of the international service?

[Mr. Diefenbaker.]

Hon. George C. Nowlan (Minister of National Revenue): I will have to inquire into that, Mr. Speaker, and advise the house later.

ARTS, LETTERS AND SCIENCES

NATIONAL GALLERY—TRANSFER OF OWNERSHIP OF PAINTING OF MARQUIS OF LORNE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): As the curator of what was until recently an unknown small art gallery, I should like to ask the Minister of Public Works a question. In view of the fact that last week the Minister of Citizenship and Immigration informed the house that the painting of the Marquis of Lorne was in the possession and ownership of the Department of Public Works and therefore not available for hanging in the national gallery, will the minister give consideration to transferring the ownership of this painting to the national gallery?

Hon. D. J. Walker (Minister of Public Works): The answer to this matter of urgent national importance is yes; it has already been arranged to be transferred.

ST. LAWRENCE SEAWAY

REPORTED INCREASE IN INSURANCE RATES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, on Tuesday last, in reply to a question of mine respecting increases in insurance rates on shipping in the St. Lawrence seaway of from 17 per cent to 100 per cent, the Minister of Transport replied:

> This is definitely a very important question, and I will investigate the matter.

Has the minister investigated this very important matter? Can he inform the house whether the rates have been increased or are being increased and, if so, what is the reason?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I have not a final report on the matter, but I should like to say that this is a matter which does not depend on the seaway authority or on my department; it depends on the insurance companies. I have asked for a report, and as soon as I have it I shall be pleased to communicate it to the house.

Mr. Argue: In getting the report will the minister determine for our information whether or not the high accident rate in the St. Lawrence seaway is the reason for the increase in insurance rates, and what can be done to lower the rate?

WAYS AND MEANS

The house in committee of ways and means, Mr. Chown in the chair.

CUSTOMS TARIFF

Resolved,—That it is expedient to introduce a measure to amend the customs tariff and to provide:

1. That the said act be amended by adding thereto immediately after section 2 thereof the following section:

"2A. (1) For the purposes of this act, goods shall be deemed to be of a class or kind made or produced in Canada if

(a) in the case of goods other than goods custom made to specifications, goods of approximately the same class or kind are made or produced in Canada; and

(b) in the case of goods custom made to specifications, adequate facilities exist in Canada for the economic production of such goods within a reasonable period of time.

(2) Notwithstanding subsection (1), goods other than goods custom made to specifications shall be deemed not to be of a class or kind made or produced in Canada unless at least ten per cent of the normal Canadian consumption of goods of the same or approximately the same class or kind are made or produced in Canada.

(3) The decision of the minister shall be final with respect to the following matters:

(a) the normal Canadian consumption of the goods described in subsection (2), and

(b) whether goods are custom made to specifications, and whether adequate facilities exist in Canada for the economic production of such goods within a reasonable period of time."

2. That subsections (9) and (10) of section 6 of the said act be repealed and the following substituted therefor:

"(9) For the purposes of this act, notwithstanding section 2A, goods may be deemed to be of a class or kind not made or produced in Canada where similar goods made or produced in Canada are not offered for sale to the ordinary agencies of wholesale or retail distribution or are not offered to all purchasers on equal terms under like conditions, having regard to the custom and usage of trade."

3. That subsection (4) of section 6A of the said act be repealed.

4. That any enactment founded upon this resolution shall be deemed to have come into force on the 21st day of December, 1960, and to have applied to all goods mentioned therein imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

Mr. Chevrier: Mr. Chairman, the committee will recall that this matter was up for discussion some 12 days ago. Since then the Minister of Finance has taken the opposition to task because of the delays that they are and have been responsible for in the consideration of these resolutions. I should like to tell the minister that this charge coming from him against those of us who sit on this side of the house is not only unwarranted but unfair. I would ask the minister to consider this in the light of what he has said. Notwithstanding the fact that this matter was under discussion some 12 days ago, the minister saw fit to go off to Winnipeg and Calgary, where he made a number of speeches about which I am not complaining. This, I take it, was on his way to meet Premier Bennett; but, as the committee knows, Premier Bennett would not see the Minister of Finance.

Mr. Fleming (Eglinton): That is not right.

Mr. Chevrier: Then the minister went to Chicago to tell off the Americans. Notwithstanding the fact that those trips must have taken a considerable length of time, the minister has the gall and the effrontery to accuse us in the house of being responsible for delays. It may be that the delays which the minister accuses the opposition of are of his own making because, as he knows or should know, there is a great deal of opposition in the country to the resolution now before the committee. There is a great deal of dissatisfaction not only among the manufacturers but also among those for whom the minister states this is going to be so helpful. I refer, of course, to those who are manufacturers of textiles.

I should like to go back to the textile industry and inquire of the minister what the government has been doing to help them. First of all let us take a look at the position. Mr. W. M. Berry, president of the Primary Textiles Institute, made a statement before the Senate committee on manpower the other day and he is quoted as saying:

> Imported textiles cost 35,000 jobs in the Canadian textile industry last year and the situation is going to get worse unless something is done.

He presented a brief to the committee on manpower wherein there was a complaint that foreign made fabrics were already outselling Canadian made products in the home markets and in which it was said that if the present situation continued another 14,000 textile workers would be out of their jobs before 1970. I will not deal at further length with what was said by the president of the institute before the manpower committee, but I should like to know and I think the house is entitled to know from the minister what has been done by the government to come to the assistance of this industry.

The minister may be aware that in the last but one issue of the *Financial Post* there was a section dealing with industry in the province of Quebec and a portion of that section was devoted to the textile industry. As the minister knows, textiles are a very important industry in the province of Quebec. Mr. Eric Richter, who writes in the *Financial Post*, stated in the issue of February 4 last:

> Quebec's big, important textile industry is struggling hard to hang on. For most of the provinces 370-odd mills and establishments, 1960 results were disappointing, even when measured against the lean years the textile industry has had in the past decade.

Then he went on to make this very important statement:

Recent redefinition of "class and kind not made in Canada"—

As outlined in the resolution now before us.

—for customs duty purposes doesn't help the textile industry much. It is already making just about every variety of textile products that can be economically produced.

Here is one person, along with many others, who feels that this provision is not going to be of a great deal of use. I come back to the discussion we had the last time this matter was up for consideration and I should like to ask the minister a question. It has to do with the statement made by the Prime Minister in the city of Cornwall on February 25, 1958, when he stated that he "saw no reason why protection cannot be provided for the textile industry". Then he added:

"We acted to protect the farmers against dumping of agricultural products in this country because we believed it unjust and unfair that the Canadian farmer should be subjected to unfair competition." The Prime Minister followed by explaining he could see no reason why the textile industry would not be treated in the same way.

My question, of course, is this. In the light of that statement made by the Prime Minister, I ask the minister what has been done by the government, by the Minister of Finance or by the Minister of National Revenue to implement this promise. I should not like the minister to create a diversion as he did the other day by asking me what I would do. As the house knows, it is the responsibility of the government in office to take the necessary steps to deal with a situation which is serious and acute. It is the government's responsibility in the light of the statement made by the Prime Minister. But for fear that again I shall be placed in the position of being accused of attacking without offering any alternative and having the minister say to me, "Well, what would you have done?" I will tell him in advance using some of the comments I made in a speech in French which I delivered on the subject matter. I should now like to put those remarks on *Hansard*.

(Translation):

On that occasion, I said this: It is surprising that, so far, all the attention has been centred on customs duties as if there was no other method likely to assist the manufacturing section of our industry.

That sector needs the intervention of the government because its production costs are too high to enable it to compete with foreign producers on the domestic market.

[Mr. Chevrier.]

We have been suggesting for a long time, Mr. Chairman, that production costs are too high and that the government takes little or no action to help this manufacturing industry to compete with foreign industry.

The immediate result of tariff protection is to increase the price of foreign products and not to lower the price of domestic products.

It seems that the main purpose of the government's intervention in this field should be to bring about a decline in production costs so as to enable our manufacturing industry to face competition. In many instances, costs could be reduced if our production were first of all, more specialized and had access to wider markets.

Such increased specialization would require a more or less extended period of adjustment, according to the special conditions in each industry.

Second, during that period, the government would implement a varied and flexible assistance program likely to meet the concrete requirements of our various industries.

Third, this program could be made up of:

(a) long term loans;
(b) special grants;
(c) specific tax exemptions; and
(d) credit for development.

Other formulas might also be used as, for example, accelerated depreciation. What is most important is that the program must be flexible and well adjusted to the concrete conditions in each industry. It should therefore be implemented in close co-operation with the representatives of labour and of industry.

In brief, Mr. Chairman, societ competition, the necessity of helping underdeveloped countries, the shaping up of regional groups in Europe, the re-awakening of protectionist forces in North America, in the United States as well as in Canada, are, to my mind, a challenge to the western world and, more particularly, to Canada, which though it cannot stand alone, refuses to be finally integrated into the American economy.

The most satisfying answer to that challenge in the economic as well as in the political field, is, I think, to come as early as possible to an agreement with regard to the gradual setting up of an Atlantic economic community.

If, as I said before, our country promoted that concept at the next meeting of the O.E.E.C., of which it is now a member, it would serve not only our best interests, but also those of the free world.

(Text):

I come back now to the question I asked the minister earlier. What has been done by the government to implement the promise made by the Prime Minister in the statement he made on February 25, 1958, and which I outlined earlier?

Mr. Campbell (Stormont): May I ask the hon. member a question before he sits down?

Mr. Chevrier: Yes.

Mr. Campbell (Stormont): In the recommendations the hon. member has just put forward there was no mention whatsoever of any increase in tariffs or any other protection for the textile industry. Furthermore no tariff assistance or increased protection was given to the textile industry by the former government when they were in power and therefore I take it that the hon. member for Laurier or erstwhile member for Stormont was at that time either not in favour of increased tariffs or did not have sufficient influence with his colleagues in order to have this result brought about. Is he now or was he in favour of an increase in tariffs to protect the cotton industry?

Mr. Chevrier: Mr. Chairman, if my hon. friend will read what I have put on *Hansard*, then he will get his answer.

Mr. Campbell (Stormont): I have read it. I have followed what the hon. member has just said and there has been no reference whatever to any increase in tariff protection. I assume, then, he is not in favour of it.

Mr. Chevrier: Then, will the hon. member tell me what I said?

Mr. Campbell (Stormont): I cannot say in detail what the hon. member said, but his remarks were directed toward subsidies, tax exemptions or export credits. There was no mention whatever of any increase in tariffs.

Mr. Chevrier: If I may deal with the hon. member's question, Mr. Chairman, and the committee will endure it, the position—

Mr. Lambert: The hon. member is speaking from a lofty height.

Mr. Chevrier: Not any loftier than the hon. member who interrupted because, after all, who does he think he is? If the hon. member wants to take part in the debate, he may do so. I do not believe he has any right to interrupt, from his seat, a member who has the floor.

I have been asked a question and I propose to deal with it unless the Chairman calls me to order. The question that was asked concerned what I would have advocated in connection with the textile mills in Cornwall. I have already put that information on record and I do not intend to repeat it. This statement does not deal with tariff protection because, as I have stated here and as I repeat now, in my opinion that is not the method with which to deal with the situation. In any event, here is a clear promise made by the Prime Minister of this country to the textile workers of Cornwall to deal with the situation. I am asking the minister now, what was done by the government to implement the promise of the Prime Minister? Since this government has been in office, not only has the production of the textile industry gone down substantially but, according to Mr. Berry, no less than 35,000 jobs have been lost to textile workers. As my friend the hon. member for Stormont knows, or should know if he is awake to the situation, no less than three industries have closed in Cornwall.

Mr. Campbell (Stormont): The answer was somewhat ambiguous, but from what the hon. member has said I take it that neither is he nor are his colleagues in favour of any form of increased tariff protection for the textile industry.

Mr. Pickersgill: Are you?

Mr. Chevrier: What about you? Are you?

Mr. Campbell (Stormont): Yes, personally I am definitely in favour of it. Is the hon. member and his colleagues in favour of it?

Mr. Godin: What about your government?

Mr. Argue: The resolution before the committee, if finally enacted by parliament, will mean a drastic increase in tariffs in this country. The minister has complained rather bitterly on various occasions that the opposition are delaying the passage of this measure. He has suggested that we are conducting something of a filibuster.

Mr. Fleming (Eglinton): No, no.

Mr. Argue: The minister has used that very word during questions on orders of the day.

Mr. Fleming (Eglinton): No; these words were applied to the official opposition.

Mr. Argue: The minister has amended his remarks.

Mr. Fleming (Eglinton): No, no; it was very clear they applied to the Liberal opposition.

Mr. Argue: The minister has amended his remarks.

Mr. Fleming (Eglinton): No, he has not amended them.

Mr. Argue: In my judgment, any opposition to this measure is well founded and is in the

interests of the people of this country. To the extent that both opposition parties use the forum of the House of Commons to point out the weaknesses of this measure they will be serving the people of Canada. I do not believe there is any doubt about the fact that the adoption of this measure will mean a drastic general increase in tariffs. After all, if that would not be the result, why would the government be introducing this measure?

There are in the measure important provisions which will mean an increase in tariffs. The main one is perhaps the redefinition of the provision relating to goods of a class or kind produced in Canada. This particular paragraph reads as follows:

> Notwithstanding subsection (1), goods other than goods custom made to specifications shall be deemed not to be of a class or kind made or produced in Canada unless at least 10 per cent of the normal Canadian consumption of goods of the same or approximately the same class or kind are made or produced in Canada.

The addition of the word "approximately" of course widens the scope of this particular section drastically. The minister has said that in the judgment of the government this amendment is necessary because the tariff board and the courts in the last 10 years have rendered decisions that have not maintained the original purpose of this clause. What that addition means, of course, is that the government are not satisfied to take the definition of the courts and other legal bodies involved, but that they want to change the rules. They want to make a new set of rules which they hope will result in a much wider interpretation of this provision, thus enabling the government to go merrily along bringing about general increases in tariffs. This, of course, is one of the bad features of the resolution.

Another bad feature of this measure is the provision stating that a decision of the minister shall be final with respect to the following matters:

> (a) the normal Canadian consumption of the goods described in subsection (2), and
> (b) whether goods are custom made to specifications, and whether adequate facilities exist in Canada for the economic production of such goods within a reasonable period of time.

This provision amounts to the minister's taking unto himself the power of lawmaking. The cabinet minister involved will make these decisions, and there will be no appeal to the tariff board or to the courts. This is the very dictatorial feature of this legislation. This particular feature of this measure is the opposite of good democratic government and flies in the face of everything the Minister of Finance stood for during his many years in opposition. I am certain, Mr. Chairman, that the Canadian people do not like these arbitrary powers placed in the hands of a minister. They did not like arbitrary powers being placed in the hands of ministers in the previous administration and they will not be happy about nor, in our judgment, will they support the placing of these arbitrary powers in the hands of the Minister of National Revenue.

As has already been pointed out, the minister has the right to decide what the Canadian consumption of certain goods is at a given time. By this means he will decide also what 10 per cent of that quantity will be. The minister, by this arbitrary decision, will decide the effect of the law as applied to a given industry. The minister has the further power to decide whether adequate facilities exist in Canada for the economic production of certain goods within a reasonable period of time. I feel that the minister should come clean with the committee. I think he should be frank with the committee.

When this matter was being debated on a former occasion, the minister was asked the value of the commodities that would be affected by this legislation. He is asking parliament for sweeping powers to increase tariffs; he is asking for arbitrary powers which fly in the teeth of basic democratic rights. Yet when he is asked for an estimate of the value of the commodities to which this sweeping legislation would apply, his answer is, "I cannot make an estimate." The minister does not know, so he says. My opinion is that the minister knows only too well that the powers for which he is asking in this legislation will mean a widespread increase in tariffs affecting goods of great value, and the minister for this reason refuses to give parliament an estimate of the goods involved. The minister has made it abundantly clear in his own words that by this legislation, he wants to go back to the position of some ten years ago. What he is saying is that he has no faith in the positions taken by the tariff board and by the courts in the last ten years, and that he wants to change the rules by this amendment.

I think the government is on dangerous ground not only because this kind of legislation is unjustified and undesirable in an economic sense, but because it would seem to me that it opens up the whole question of retaliation under GATT. It seems to me that the government is endeavouring to do by an underhanded method that which it does not dare to do by an open method, namely the increasing of tariffs. The government is going back in my judgment to the days of R. B. Bennett. I know that when members say that this means a return to the days of R. B. Bennett, the minister is extremely sensitive and responds with a statement that the days of R. B. Bennett

were not so bad after all. In the view of the Canadian public, any return to the high tariffs of the R. B. Bennett days of 1930 will be a great mistake from which both the country and the present government will suffer.

Mr. Chairman, the Minister of National Revenue has used in my opinion a lame excuse for assuming these arbitrary and sweeping powers. As reported at page 1718 of *Hansard* he made the following assertion:

> This parliament itself is the high court. This is the court of appeal in which we are standing at the moment. This is the court of parliament to which the minister is responsible; and if any minister committed one per cent of the improprieties to which the hon. gentleman referred this morning the matter would certainly be brought to public attention; there would be discussion and debate in the House of Commons, a matter of public record, and no minister who had any sense of responsibility not only to his own office but to his colleagues and to his government would consider doing such things as was suggested. As I say, this is the final court of appeal, and it is one to which every minister is responsible.

Mr. Chairman, that statement may sound like a reasonable thing when people who are not aware of the workings of the House of Commons read it, but it is impossible for members of parliament to find out the basis on which the Minister of National Revenue will make his decisions. It is impossible for members of parliament to find out why the minister made certain decisions. As a matter of fact the government is saying that the minister is being given these arbitrary powers because he has information which is confidential, which he wants to keep confidential and which he will hide from the House of Commons; and it is saying that no matter how many motions for production of papers that members may put on the order paper; no matter how we may try to ferret out the information in regard to the reasons why the minister makes certain arbitrary decisions that information will be hidden from parliament. It will be said that it is not in the public interest to disclose it which usually means that it is not in the political interest of the Conservative party.

Mr. Chairman, in years gone by we have heard in the strongest possible terms a condemnation by the Minister of Finance, the hon. member for Eglinton—he was sitting in the opposition at the time—in regard to the grave injustice which flows from arbitrary powers. Under this legislation the Minister of National Revenue, will have all of the arbitrary powers that the Right Hon. C. D. Howe in the former administration was accused of having. This government rode to power to a very substantial degree on the argument that the former administration had taken arbitrary and dictatorial powers. That is precisely what this government is doing in this legislation. I suggest, Mr. Chairman, that such arbitrary powers are repugnant in a democratic nation.

I think this resolution should be opposed because it is high tariff protectionism. This legislation is the answer of the Conservative government to certain financial friends in certain big corporations who wanted this kind of protective legislation in order to make fabulous profits. This is the pay-off, in my judgment, of the Conservative party to certain financial interests in this nation and it has nothing whatsoever to do with the welfare of the Canadian public. I think it is a mistake for the government to turn the clock back. I think any general increase in tariffs as provided in this resolution will mean an increase in costs to Canada, a reduction in Canadian trade and a lower standard of living. For that reason, Mr. Speaker, we in this group intend to vote against this motion and against this legislation at every opportunity.

Mr. Smith (Lincoln): I have a number of notes here in connection with this matter, Mr. Speaker, but since the debate has been going on for several days now I will make my remarks as brief as possible.

I should like to say, however, that I support this resolution to amend the Customs Tariff most wholeheartedly. I am not an authority on customs tariffs, but I have had considerable experience in this regard in industry in my riding. I am quite satisfied that at the present time there is room for reclassification of a great many items, some of which are not made in Canada which come in duty free, and some of which are made in this country but whose component parts are imported from other countries duty free. At this time when Canadian industries are clamouring for new products to manufacture, I can name quite a few myself that would be made in this country if the normal protection of the Canadian customs tariff were provided, and it should be provided. I might make reference to heavy chains which are used for ships, in mines and in the construction industry. These chains come into Canada at the present time duty free because they are not made in Canada. I should like to remind you, Mr. Chairman, that during the first and second wars those chains had to be made in Canada and were made to a very large extent by hand. Following the end of the two wars there was no change made in the classification and the production of these chains in Canada ceased. At the present time I know of a Canadian chain manufacturer who is prepared to go into the production of these chains if there is a

reclassification which will give him the normal protection of the Canadian tariffs.

I might also give a similar example in regard to tire chains for heavy tractors. These tractors are used in the logging industry, in construction and in mines. Those chains now enter this country duty free and if they were reclassified these also would be made in Canada in larger quantities than they are made at the present time.

I might also mention the manufacture of automatic transmissions for automobiles. Since automatic transmissions came into use in Canadian cars or trucks they have all been made in the United States; but automatic transmissions have been installed in Canadian cars to such an extent that it would now be profitable to make them in Canada. However, there is no encouragement for General Motors or for Ford to have them made in Canada when they can bring them in duty free or under a customs drawback. I know for a fact that if adjustment were made in the Customs Tariff certain companies would be prepared to make automatic transmissions in Canada. In fact, negotiations are under way at the present time.

I have mentioned, in my way, three different items whose manufacture here would create a great deal of work if they were given the normal protection of the Customs Tariff. How hon. members opposite can read into this resolution signs that there is to be a general increase in tariff, I find difficult to understand. There is no indication here that such a thing will take place, or that tariffs will go sky high as some hon. gentlemen opposite seem to think. Here there is only a reclassification of certain things which are not made in Canada and certain things which are made in Canada but not enjoying the full benefit of the Customs Tariffs.

The part of the resolution which seems to have provoked the sharpest criticism is that which gives the Minister of National Revenue power to make reclassification. But to whom could such power better be given? You can always get to the minister, but you cannot get fast decisions from the tariff board.

Some hon. Members: Exactly.

Mr. Smith (Lincoln): I may say that only recently I had reason to make for one of our local industries an appointment with the tariff board on the subject of reclassifications. We were told that the tariff board was so busy with reports and recommendations that it would not be able to look into the matter for at least a year and maybe even longer. We must be realistic about these things. We must cut out much of the red tape and bring this thing down to where it belongs. Suppose anyone objects to the decision of the minister. He can turn directly to his member of parliament or to the minister himself, and what could be better than that?

Some hon. Members: Oh, oh.

Mr. Smith (Lincoln): It would get right to the heart of the problem. As I said, there were other matters I hoped to deal with at this time, but may I conclude by saying that in principle I approve of this resolution. If it goes into effect I am sure that it will be the means of creating many new jobs for Canadians. In my opinion it is not going to cause any general increase in tariff, as the opposition seem to think it will. I may say that I myself would not be in favour of any such general increase.

Mr. Chevrier: Might I have a reply to the question I asked the minister a while ago, namely, what has the government done to implement the promise of the Prime Minister which I put on record?

Mr. Fleming (Eglinton): First, may I offer a correction of some impressions which the hon. member for Laurier evidently harbours. He seems to attribute to my trip to the west the fact that this debate has not been resumed since we were last engaged upon it on February 15. Let me tell the hon. gentleman that the trip to the west occurred prior to that date. Most of the travelling was done over a week end when the house was not in session, so it had no connection whatsoever with the fact that this debate was not resumed until today. The principal reason was that we had a supply motion on Monday and Tuesday of last week and a dominion-provincial conference on Thursday and Friday. It still is a fact that at dominion-provincial fiscal conferences the Minister of Finance is expected to be in attendance.

As to the question asked by the hon. member for Laurier about the textile industry, I would think, Mr. Chairman, that if you were disposed to make a ruling this matter probably lies outside the scope of the present discussion; but if you think it proper I shall be glad to deal with this subject. The hon. member for Laurier asks what the government has done to assist the textile industry. That, of course, takes us outside the scope of the resolution but I am entirely prepared to deal with this subject if you think it is proper in relation to this particular amendment. We have been engaged upon it for a long time and I do not wish to provide any hon. member with an excuse for going outside it and starting a debate on other matters rather than the class or kind definition. Perhaps, for the

sake of answering the hon. gentleman's question, I might just touch very lightly on this subject.

The first thing which was done was to refer the whole textile schedule in the Customs Tariff to the tariff board for review, and the tariff board has conducted an extensive inquiry over several years as a result of which it has made a series of reports. The first report involved recommendations for amendment of the Customs Tariff in respect of the importation of woollen fabrics. We brought to the house legislation to implement that recommendation and the house adopted it over the strong opposition of the hon. gentleman and those who sit with him. Since that time reports have been brought forward affecting other textile items in the Customs Tariff. Various changes have been made. In all cases in which the rates were bound under GATT, these rates have been negotiated with those countries in whose favour the bindings had been entered upon. In all respects the provisions of GATT have been strictly adhered to. One could mention as well the course of discussions at the GATT conference at the present time in the process of renegotiation there.

I remind the house also of the steps which have been taken during discussions with the representatives of the Japanese government in relation to imports of textile products from that country and the measures which have been taken as a result of those negotiations with a view to avoiding a repetition of the kind of concentration that occurred in the export of certain textile products to this country by Japanese firms. In the course of these discussions there has been consultation with the Canadian producers in the areas affected.

I remind the house also of the important amendments which we introduced in 1958 to the Customs Act dealing with the basis of valuation for duty purposes. Again, these were matters of great and urgent importance to the textile industry, but the amendments which were introduced by the government were sternly opposed by the hon. gentleman and those who sit with him. I need not remind the house, I am sure, of the exercise by the Minister of National Revenue of the powers he holds under the Customs Act—powers, incidentally, which existed in the time when the hon. gentleman was a minister of the crown—under which the flooding of the Canadian market by grey goods from China was avoided. I might mention also the present legislation in so far as the dumping of textile products into this country from other countries will be affected, because dumping, as I have reminded the committee in the course of the discussion of this resolution on previous days when it has been before us, arises only in the case of goods of a class or kind made in Canada. That is why this present subject is of great importance to the whole question of dumping.

These are just a few of the measures which the government has taken. One could enlarge upon them. One could add to them. But if one did so it would be quite clear, I think, that we would be going outside the scope of this present debate.

The hon. member then spoke of a statement attributed to Mr. Berry, the general secretary of the Primary Textiles Institute of Canada, in which he said that imports of textiles into Canada have cost 35,000 jobs. I presume he was speaking in the sense that Canadian mills could have produced the particular textile goods to which he referred, and that had they done so 35,000 jobs would thereby have been created. He was not comparing employment in the textile industry today with what it was last year, the year before, or the year before that.

The fact is that the whole employment figure in the textile industry has not varied very much over the past several years.

Mr. Chevrier: It has gone down.

Mr. Fleming (Eglinton): There has been very little variation. After all, the textile industry in Canada is a series of industries, and in the past several years some have done better and some have not done as well. It is probably better, in the interests of accuracy, to discuss a particular condition in a particular section of the industry and not to attempt to generalize for the whole industry in all its various parts.

My final observation relates to the remarks made by the hon. member for Assiniboia. Here again he was labouring under a complete misapprehension as to the nature of the amendment now under debate. He said the adoption of this amendment will mean large increases in tariffs. He said later it will mean widespread increases in tariffs. I must remind the committee that this is not the fact at all; there is not one single rate to be changed.

This measure does not propose to change one single rate in the Customs Tariff. It is simply concerned with a matter of definition, the definition of an expression that appears very frequently in the Customs Tariff. To see the amendment in its true proportions it is necessary to recall that what is proposed here is simply the restoration of what had been a well established interpretation before the decisions of the tariff board and courts in the past decade.

Another quite erroneous assertion made by the hon. member for Assiniboia was that

under this proposed amendment the Minister of National Revenue would take on the right to make law. This assertion is utterly without foundation. The minister has certain functions that he must discharge in relation to these questions, and the powers that the minister has been given under this legislation—

Mr. Pickersgill: "Will be given".

Mr. Fleming (Eglinton): —or will be given —you can take it either way you wish—are not nearly as extensive as are those parliament has conferred upon the minister in many, many other respects, not just in relation to this matter, but many others under legislation passed over the years by this parliament and now in effect.

This amendment concerns simply the question of definition. The hon. member was utterly mistaken when he said that this would give offence under GATT. I must remind him, I have said it several times already in the course of debate, that this question does not give rise to any question of GATT or bindings under GATT. These GATT bindings of particular rates were entered into years ago on the basis, so far as Canada is concerned, of the accepted interpretation of class or kind prevailing at that time. The definition and the interpretation were not bound. They are not the subject of a binding under GATT whatsoever. Therefore assertions that this action will lead to retaliation by other GATT countries falls completely to the ground; they are completely groundless.

As to the assertion that this measure would confer upon my colleague the Minister of National Revenue arbitrary powers, I must take firm issue with any such observation. Reference has been made to what I have said in this house in the past in regard to arbitrary powers. Believe me, Mr. Chairman, if I thought that arbitrary powers were proposed by the measure to be conferred upon my colleague the Minister of National Revenue, I would have done everything in my power to have prevented that objective being furthered. But that is not the fact. These are not arbitrary powers at all. These are necessary powers in the transaction of the business of this country.

Mr. Pickersgill: Would the minister permit a question at this point? Would the minister not agree that every time an act or piece of legislation is passed in which it is said, "the decision of the minister shall be final", one is conferring arbitrary power? That is the definition of "arbitrary power".

Mr. Fleming (Eglinton): I think you have to look at all of the circumstances in a situation of this kind—

[Mr. Fleming (Eglinton).]

Mr. Pickersgill: Exactly.

Mr. Fleming (Eglinton): —and we must ask ourselves what is the reasonable view to take of the situation—

Mr. Pickersgill: That is what all tyrants say.

Mr. Fleming (Eglinton): —and not run off with catch phrases. I have said that I yield to no one in this house in my concern regarding arbitrary powers, and I put before the house my view that this is not at all the case of conferring arbitrary powers as has been pictured in observations such as those which fell from the mouth of the hon. member for Assiniboia this afternoon.

This legislation does not take away the right of appeal; the right of appeal continues. What is proposed in the amendment before the house is that in the appeal, in respect of three elements, the decision of the minister is final. We have been over this matter before. There is the question of the reasonableness, the necessity indeed, in the general interest of making provision that in those three cases the decision of the minister should be final. The right of appeal is taken away from no one. The most that can be said is that the right of appeal cannot be invoked on grounds that lie within the three points on which the Minister of National Revenue is given the right to make the final decision.

What are these three points? We have been over them before and I will not delay the committee on them now. The first is, that he can determine the normal Canadian consumption for other than custom-made goods. In other words, he can determine the normal consumption of what we call shelf goods. Surely that is eminently a decision for the minister.

Mr. Pickersgill: Would the minister permit a factual question on this point? Would the minister tell us how that determination is going to be made before a decision is made as to what goods are approximately like the other goods in question? How can you determine the normal Canadian consumption of something until you know what that something is?

Mr. Fleming (Eglinton): I contemplate no difficulty over that matter.

Mr. Pickersgill: Then please answer my question.

Mr. Fleming (Eglinton): The question that has been raised by the hon. member is presumably one that arises in an appeal.

Mr. Pickersgill: It arises in administration also.

Mr. Fleming (Eglinton): An appeal is taken on the question he has raised. There is a right of appeal—

Mr. Pickersgill: Mr. Chairman, would the minister allow me to make it clear. I was not raising the question with respect to appeals; I was raising it with respect to administration. I should like to know how this is going to be done, and I think the taxpayer would like to know also.

Mr. Fleming (Eglinton): In the first instance when it becomes necessary for the minister to make a decision, he will certainly make a decision on those elements on which an appeal can be taken, as well as on those elements where an appeal will not lie. When he is making his decision, of course he will make it on whether the goods in question, being shelf goods, are approximately of the same class or kind as are now made in Canada.

He makes his determination on that element. He also makes his determination on Canadian production; he makes his determination on Canadian consumption, of course. Then in the event of appeal, an appeal can be taken against his decision as to whether or not the goods in question are of approximately the same class or kind as goods made in Canada. An appeal can lie on that question, and an appeal will lie against his determination with respect to the amount of Canadian production. There can be an appeal on that matter. There can similarly be an appeal on the question whether or not the number of articles manufactured in Canada does in fact constitute a minimum of 10 per cent of normal Canadian consumption. With respect to the other matter, the one I was speaking of, namely what is the normal Canadian consumption of shelf goods, his decision on that matter stands, and the appeal can proceed on the other question upon which the right of appeal continues unimpaired. I think this matter is quite clear, Mr. Chairman. I have touched on those matters upon which the right of appeal is clearly preserved and on those matters upon which finality is given to the decision of the minister for clear and good reason.

I am at this point introducing nothing new. Everything I am saying I said in the debate of earlier days on this present resolution. The amendments are designed to meet statistical problems in this regard in relation to the finality of the decision of the minister, and they are designed to permit cases involving class or kind articles to be resolved within a reasonable period of time. How highly important that is to the transaction of business. We have seen appeals that have dragged and dragged. They may involve questions that apply to situations other than those directly involved in the appeal itself. This has had an embarrassing and oftentimes costly effect by reason of the delays caused. In the interest of better administration we are trying here to bring about the termination of these long and costly delays.

Mr. Chevrier: Mr. Chairman, I am not satisfied with the answer which the minister has given to the question I put to him earlier. In my opinion two matters are involved here. The first is the statement of the Prime Minister that he would deal with the dumping of textile goods in the same way as the government dealt with the dumping of agricultural goods. In his reply the minister set out a list of the things that supposedly had been done to assist the textile industry. One of those was the reference of the whole matter to the tariff board. He referred to a return having to do with woollen fabrics. I should like to tell the Minister of Finance that there are no woollen mills in Cornwall and therefore this legislation would not be of any use to that community.

Then, he also referred to the legislation which was brought down in 1958. I ask the minister whether that legislation was actually used. Perhaps the Minister of National Revenue, who is now in his seat—I presume he was detained earlier—will answer?

Mr. Fleming (Eglinton): That matter was dealt with specifically in the debate earlier. It was not necessary to invoke those powers. The mere possession of those powers was sufficient to meet the needs of the situation that arose.

Mr. Chevrier: If that is the situation, will the minister give an example of how those powers helped the cotton mills in Cornwall?

Mr. Fleming (Eglinton): I was asked for a statement of what the government had done in relation to the textile industry. I have given that statement. I had some misgivings about being led into a debate on that question because the present amendment before the committee is only one of a number of things that the government has done in relation to this problem. I was asked what the other things were. I have dealt with them. With respect, Mr. Chairman, may I say that we could have a debate on this whole question of government policy and government administration but it will not relate to this present amendment before the committee.

Mr. Chevrier: It will relate to it, as I hope to show in a moment, because I intend to go back to the debate and quote some of the statements made by the minister. I asked the minister whether he would give an example of how the legislation of 1958 actually assisted

or helped the mills in Cornwall, and his reply was, "I have already put on the record what the government has done to assist the textile industry generally". My comment on that statement is that notwithstanding all of the matters which the minister has put on record, a number of mills have closed elsewhere than in Cornwall. A mill closed in Hamilton. One closed in New Brunswick, in the area of Saint John: I have forgotten the name of the place but I think it is Milltown.

Mr. Campbell (Stormont): Was that not during the previous administration?

Mr. Chevrier: Three mills closed in Cornwall. Therefore, the minister has not dealt very effectively with what was done in at least three areas, let alone the general situation in the province of Quebec and elsewhere where there has been a substantial reduction in employment in the textile mills.

I should like to go back to the statement made by the Minister of Finance on Thursday, February 2, 1961, as recorded at page 1672 of *Hansard*, where the minister said:

> We have this interesting situation. The hon. member for Laurier was one of those who believed that the workers in the textile mills in Cornwall should have some protection against dumping in the Canadian market of the kind of goods that they were seeking to make in the Cornwall mills. The hon. member apparently has not realized yet that the power to deal with dumping is confined to goods of a class or kind made in Canada, and the erosion that has gone on over the past 10 years has gradually narrowed the power reposed in the government by parliament to deal with the dumping of goods of another nature that are of a class or kind made in Canada, and that applies to the textile goods made in those Cornwall mills.

In the light of this statement made by the minister I ask him which textile goods were ruled by customs during the past 10 years to be of a class or kind not made or produced in Canada and that were similar to, or were approximately of the same class or kind as, those made or produced by the Cornwall mills?

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member has referred to a statement I made on February 2. Here, of course, I had been speaking in general terms about the textile industry. I am quite sure the hon. member is aware that the Minister of National Revenue has made various orders, for instance, in relation to the definition of seconds. That is of general application, and I am sure that it must have had application, at least in part, to that section of the textile industry that was located in Cornwall.

The dumping provisions did not apply to seconds before that order was made by my colleague.

Mr. Pickersgill: Mr. Chairman, the minister cannot really worm out of this quite so easily.

[Mr. Chevrier.]

He says here, as the hon. member for Laurier has just pointed out, that there had been an erosion over the past 10 years. To quote his words:

> —and the erosion that has gone on over the past 10 years has gradually narrowed the power reposed in the government by parliament to deal with the dumping of goods of another nature that are of a class or kind made in Canada, and that applies to the textile goods made in those Cornwall mills.

When the minister says that the erosion applies to the textile goods made in the Cornwall mills, let the minister tell us what that erosion was. What were the decisions of the tariff board in these cases?

Mr. Fleming (Eglinton): It was not a reference to any decision of the tariff board. It was a reference to the effect of this course of decision. It affected everything that came within the scope of this problem of determining whether goods were of a class or kind made in Canada. It applied to everything. It applied to textiles, it applied to all sorts of goods and whether made in Cornwall or elsewhere. This erosion that had gone on had made it increasingly necessary, in order to bring the goods within the scope of the definition of class or kind made in Canada, to show that they were virtually identical with goods made in Canada.

That was the position in which the administration of the Department of National Revenue found itself as a result of this course of interpretation. This is a situation that affected everybody. This was the way in which the language that had been used by parliament, which had been given proper effect in the interpretations prior to the last decade, had been narrowed down as a result of this course of decision in the past decade, with effects on all Canadian producers in this field within the scope of some 75 items in the Canadian customs tariff. In particular, as I have pointed out already, the determination that goods are of a class or kind made in Canada is the basis for application of the dumping legislation. It has no application in any other case.

Mr. Campell (Stormont): May I ask the hon. member a question?

Mr. Pickersgill: Mr. Chairman, in direct reply to what the minister has said, may I observe that to say in a pontifical way that this applies to all kinds of things does not make it apply. The minister said here quite specifically that it applies to textile goods made in these Cornwall mills and he was talking about the erosion that had taken place over the past ten years. Let the minister cite one single case where the customs department or the tariff board decided in the last ten

years that a textile that previously was considered to be made in Canada was no longer considered to be made in Canada. Let him cite one single case. Unless he can do so there is no erosion.

Mr. Fleming (Eglinton): Mr. Chairman, the final observation of the hon. member is, of course, a complete non sequitur. He is trying again to identify decisions of the tariff board or the courts with the effects of the erosion. In the course of administration the department was not in a position to overlook the course of the decisions by the tariff board and the courts in narrowing down the interpretation and, of course, this situation had an effect on the administration. It could not be otherwise. The administration in the department cannot overlook or close its eyes to the results of this course of decision on the part of the tariff board and the courts over the past decade.

This matter has a very direct bearing upon textiles because it is the dumping provisions that are particularly to be invoked in the case of the dumping of textiles in Canada. Here is where the rub lay with respect to the textile field. I remind the house again, and I hope for the last time, Mr. Chairman, that the dumping provisions can be invoked only in the case of goods found to be of a class or kind made in Canada.

Mr. Pickersgill: Mr. Chairman, I asked the minister to give one example not of a decision by the tariff board but of a decision by the customs administration in the last ten years where they decided that any of the textiles that at any time had been made in Cornwall were no longer made in Canada. That is the only way there could be erosion.

Mr. Campbell (Stormont): May I ask a question?

Mr. Pickersgill: Surely the minister is going to answer before a diversion is created.

The Chairman: Order. I recognize the hon. member for Stormont.

Mr. Campbell (Stormont): I should like to ask the hon. member for Bonavista-Twillingate a question. Since we are discussing the matter of worming out of things and since his colleague has wormed out of any answer to the question I asked him previously, let me ask the hon. member for Bonavista-Twillingate the same question, namely whether he or any of his colleagues are in fact in favour of increasing the tariff on cottons in order to protect the textile industry in Canada. Are they or are they not in favour of it?

Mr. Pickersgill: I will ask that question of the Minister of Finance right now. The hon. gentleman has asked me a question and he can now sit down and let the minister answer.

Mr. Campbell (Stormont): I know the minister's attitude and I asked my question of the member who is on his feet.

Mr. Pickersgill: I do not happen to be a member of the government at the present time and I would not waste the time of the committee by answering the silly question asked by the hon. member for Stormont. I intend to put the question to the minister. Is this legislation, as the hon. member for Stormont is representing it to be, for the purpose of increasing protection?

Mr. Campbell (Stormont): On a point of order, Mr. Chairman, may I say that I am not representing this legislation to be anything.

The Chairman: The hon. member for Bonavista-Twillingate has the floor at present and I would ask the hon. member for Stormont to seek his permission if the hon. member wants to speak.

Mr. Pickersgill: I ask the minister, is this legislation for the purpose of increasing the tariff on textiles?

Mr. Campbell (Stormont): On a point of order, Mr. Chairman, that is not the question I asked at all, and I should like an answer to my previous question. A direct answer, yes or no, will be sufficient.

Mr. Pickersgill: The hon. member has no right to an answer to his question. He knows perfectly well what my views are but I am not even going to give him the satisfaction of an answer. I am asking the minister, who is mainly responsible for tariffs in this country at the present time and who is answerable to the house, is this legislation for the purpose of increasing the tariff on textiles?

Mr. Fleming (Eglinton): Obviously increases in tariffs do not enter into this situation at all.

Mr. Pickersgill: Exactly.

Mr. Fleming (Eglinton): I pointed out that this is a matter of definition—

Mr. Pickersgill: I am quite satisfied with the answer.

Mr. Fleming (Eglinton): —and on the interpretation of the definition will depend whether the lower rate of duty applicable in the event that the goods are not of a class or kind made in Canada shall apply or whether in the relevant cases the higher customs tariff rates applicable in the event that the goods are of a class or kind made in Canada shall apply. That is the situation.

We are dealing with a definition, and so far as textile imports are concerned it is a question of whether the dumping provisions can be invoked.

Mr. Pickersgill: I should like to ask the minister another very simple and direct question. Does the minister know of any textile product made in Cornwall in the past ten years that was ever declared by the administration not to be made in Canada?

Mr. Fleming (Eglinton): I am informed that one cannot give a positive answer to that question because a good deal depends on a number of factors that do not admit of a categorical answer. Obviously textiles are in most cases shelf goods.

Mr. Pickersgill: Then why on earth, when the minister now admits he does not know, did he tell us that the erosion applied to textiles made in Cornwall? Surely he had some facts on which to make that statement.

Mr. Fleming (Eglinton): I hope the hon. member is not going to misread my remarks. I was pointing out that this is of general application. This is of general application to the goods described in some 75 items in the customs tariff and this legislation deals with the definition of the term that appears in all of these provisions of the customs tariff. It has that general application and the erosion that has gone on in the past decade is an erosion applied to what had been a well established interpretation of those words prior to the last decade. The erosion that has gone on has weakened the effect of this definition as applied to all of these 70-odd items in the customs tariff. So far as textiles are concerned, the particular application relates to dumping because, and I hope I am saying this for the last time, the dumping provisions can be invoked only in the case of goods of a class or kind made in Canada. The application of dumping, therefore, depends upon the interpretation of those words appearing within the items.

Mr. Chevrier: May I ask the minister another question? Would this new definition concerning class or kind made in Canada apply to tariff item 413(i) which I understand provides for machinery or apparatus of a class or kind not made in Canada, and parts thereof, especially constructed for preparing, manufacturing, testing or finishing yarns, cordage and fabrics made from textile fibres or from paper, imported for use exclusively by manufacturers and scholastic or charitable institutions in such processes only?

Mr. Fleming (Eglinton): Mr. Chairman, in an academic sense, if that is the basis of the question, certainly the expression "class or kind", with which we are dealing does appear in item 413(i) of the customs tariff and therefore the legislation will apply to that item. I am told, however, that no concrete case is likely to arise under that particular item.

Mr. Regier: I note the minister's appeal when he asked the members of the committee a little while ago to be reasonable. However, I find it rather difficult to understand his complaint against the submission of the hon. member for Assiniboia. The hon. member for Assiniboia claimed the government was asking for authority greatly to increase tariffs. A number of weeks ago the minister admitted this was the purpose of the legislation now before us. However, he has amended his contention now. I assume he has been around the country within the last few weeks and now he pleads, to use his own word, that the change is in the interests of better administration. He is asking that we restore the position of the Canadian producer because of the erosion that has taken place, as he likes to put it.

However, a couple of weeks ago he said the change was in the interests of protecting Canadian producers. Now he says it is in the interests of better administration. I find this alteration in his appeal a little difficult to understand. The minister made light of the amendment which would hand over to the Minister of National Revenue much more authority than he has had heretofore. The right to make law is within the exclusive jurisdiction of the parliament of Canada. We are being asked now to hand over to the government the right to interpret the law. I find this request rather difficult to appreciate. If I may use the minister's words again, he said we were concerned only with a question of definition. I feel that we are skating on rather thin ice when we are asked for authority to have a minister of the government replace the judiciary, and here we are granting the minister authority to define the law.

I feel that over the years the right to define the law has belonged to the judiciary. We are rather reinforced in our suspicions as a result of a speech made by the hon. member for Lincoln. I assume that this legislation went before a meeting of the Conservative members of this house on a Wednesday morning before it was introduced. The hon. member for Lincoln made some rather revealing announcements. He welcomed this legislation because, in his opinion, it would be much easier to get to the minister than to get to the tariff board. He complained that it was very difficult for ordinary members of this house to get to the tariff board. If I may use the hon. member's own words, to whom would it be better to go than

to the local member or the minister himself? In other words, political pressure is to be preferred to a decision of the tariff board. This is what alarms us more than anything else. The government is asking us to grant the Minister of National Revenue authority to interpret every definition in the interests of better administration. He is being granted authority to interpret the law, according to the words of the hon. member for Lincoln, in the light of the number of members of this house who may be running to him and appealing to him on behalf of a particular industry or commodity. I do not like to be placed in a position where I have to appeal to the minister to use his arbitrary powers on behalf of an industry in my constituency that may be in difficulties with the customs branch.

I should like to say a word or two about the submission of the hon. member for Laurier who pleaded for the Atlantic economic community in order, as I understood it, to help out the textile industry of Canada. The hon. member for Laurier also referred the Soviet competition. I ask the hon. member for Laurier to explain how Soviet competition or the development of the Atlantic economic community has anything to do with the difficulties of the textile industry in our nation today. I know this much; our textile industry does not face competition from the U.S.S.R. Indeed, most of the competition that faces our textile industry does not come from within the Atlantic economic community but comes from the mills of the United States and the United Kingdom. Therefore, when he proposes the establishment of the Atlantic economic community, he is not proposing any solution whatever for the problems of the cotton textile mills located in Ontario or Quebec. When he speaks of Soviet competition for the Canadian textile industry, he is not being relevant to the subject of the debate.

However, I should like to return to my earlier contention. When the minister introduced his baby budget, and for a number of weeks thereafter, he pleaded on behalf of Canadian secondary industries which had been eroded by decisions of the tariff board. During the weeks that have gone by, the minister has completely altered his argument on behalf of this legislation and he is now urging us to adopt this measure in the interests of better administration.

When we consider the authority that he is proposing to take away from the tariff board and hand over to the Minister of National Revenue I am afraid that we must oppose this resolution to the very limit of our abilities.

Mr. Benidickson: Mr. Chairman, in connection with the discussion this afternoon two things particularly interested me about the remarks made by the minister. When we were last discussing this resolution the minister made practically no comment. I believe he assumed that because, as he described it, it was a short resolution, and as such not worthy of debate. I think that the shortness of some declaratory resolutions as sometimes the shortness of individuals, is not in any way an indication of their dynamite potentials. I think the Minister of Finance would perhaps be the first to agree with that suggestion.

I should like to receive some direct information from the minister this afternoon. He gave us none the last time we discussed this subject. Surely he cannot expect to have it both ways; he cannot say that the legislation introduced in 1958 was never used, while on the other hand both he and representatives of his party travel up and down the land, particularly in textile ridings, saying that this legislation has been exceedingly helful to them. The minister himself, I believe in the middle of October 1960, addressed the Woollen and Knit Goods Manufacturing Association in his usual vigorous declaratory style saying: "Our actions have been swift, comprehensive and effective". The Minister of National Revenue, with respect to any changes in the Customs Tariff such as we have referred to, now says the amendments of 1958 have not been used. The minister has not yet replied to the hon. member for Laurier who has asked: What has the government done by this legislation that has helped the textile industry?

The second point I should like to make is this, and I regret that I have to go back to the points I raised a week or so ago in regard to the question of erosion. The minister again relies on assertions rather than facts. He says there has been erosion. Without repeating everything I said last week, I would ask the minister to give us illustrations, something concrete in regard to the decisions of the tariff board during the last decade about which he complains or decisions which have gone contrary to what the bureaucrats themselves said was the law. In one case, appeal No. 272 in connection with shovels, I indicated that the bureaucrats were upheld when the tariff board said that their judgment was correct in administering the customs department. A few days after that decision was given the bureaucrats changed their traditional ruling and then met the second appeal, No. 306. Of course, in that case the tariff board overruled the administration.

Let us get down to cases rather than just accept a statement from the Minister of Finance that there has been erosion. Let us have the Minister of Finance indicate to us the cases he regards as the ones which change the intent of parliament as it was enacted prior to a decade ago.

Mr. Chevrier: Mr. Chairman, I should like to make a few remarks before the house arises because I know that at eight o'clock the minister has other engagements and that we will be dealing with the resolution to establish a committee on railways and shipping.

I am quite disappointed, as I am sure were the hon. member for Bonavista-Twillingate and the hon. member for Kenora-Rainy River, in the statement the minister made in answer to questions put by us from this side of the house. I was disappointed in the reply the minister made in his earlier statement of February 2 when he said that this erosion applied to the Cornwall mills. When he was asked about a concrete example he could not give one of that erosion I think the minister should reply to that question giving us an example of this erosion of which he spoke when he made the statement earlier.

Mr. Fleming (Eglinton): Mr. Chairman, this information was fully given and is on the record. This information was put on the record by the Minister of National Revenue, and myself on February 2 at very great length.

Mr. Benidickson: The minister is undoubtedly referring to his skirting the question and his very unusual interpretation in doing so in respect to the number of cases over the past decade to which he referred. If the minister is not going to reply at this point, having dealt with two of these appeals, I am now prepared to deal with each and every one and indicate my reading of the tariff board decisions. In practically all cases not only did the tariff board uphold what the administration said was law, but it upheld the law as it had been for many years prior to 1950. This is the challenge which we put before the Minister of Finance. We are not asking him to persuade colleagues in his own party that all is serene in connection with this amended law and is not going to convince us. We challenge him to indicate to us details with respect to the erosion which he so frequently asserts has taken place.

Progress reported.

At six o'clock the house took recess.

[Mr. Benidickson.]

AFTER RECESS

The house resumed at 8 p.m.

RAILWAYS, AIR LINES AND SHIPPING

ESTABLISHMENT OF COMMITTEE ON RAILWAYS, AIR LINES AND SHIPPING OWNED AND CONTROLLED BY THE GOVERNMENT

Hon. Leon Balcer (Minister of Transport) moved:

That a sessional committee on railways, airlines and shipping owned and controlled by the government be appointed to consider the accounts, estimates and bills relating to the Canadian National Railway and Trans-Canada Air Lines, saving always the power of the committee of supply in relation to the voting of public monies, and to consider the pension rights of existing or retired Canadian National Railway employees with respect to anomalies which may have resulted from breaks in the continuity of service, and also to consider the arrangements for turn around benefits for employees of the Canadian National Railway, and the said committee should be empowered to send for persons, papers and records and to report from time to time, and that notwithstanding standing order 67, the said committee shall consist of twenty six members.

He said: Mr. Speaker, I have a very short statement to make. This motion is to appoint a sessional committee on railways, air lines and shipping owned and controlled by the government.

As the house knows, it has been the practice for many years to appoint a committee to review the affairs of the Canadian National Railways and Trans-Canada Air Lines.

In due course, when the annual reports of the two companies have been received and tabled in the house, they will be referred to the committee together with the items of estimates that are customarily considered by the committee. As hon. members are aware, these reports are usually ready during the month of March.

Hon. members will have noted that this year the terms of reference of the committees have been expanded to permit consideration of the pension rights of existing or retired Canadian National Railway employees with respect to anomalies which may have resulted from breaks in the continuity of service, and also to consider the arrangements for turn-around benefits for employees of the Canadian National Railways.

When speaking on the bill to provide for the continuance of railway operations the Prime Minister (Mr. Diefenbaker) stated that the government would ask that an investigation be undertaken into the objections that have been raised over the years that turn-around benefits have not been properly provided and that pensions had been adversely affected by lay-offs due to economic

conditions, particularly during the 1930's. This motion provides for such an investigation.

This committee has always proved its value and I am sure that with the added terms of reference its deliberations will again be conducted with the same thoroughness and efficiency that has characterized its proceedings in the past.

Hon. Lionel Chevrier (Laurier): The house will be grateful to the minister for the statement he has just made, although some of us may think it was brief in nature. I presume the intention in making it brief is to curtail the extent of the discussion on this motion.

I do not intend to deal with this resolution at great length but there are some things which I think need to be said on the occasion of this discussion. The motion as it appears on the order paper is divided into two parts. It seeks, first of all, to establish a committee to consider the accounts, estimates and bills of two crown corporations, namely the Canadian National Railways and the Trans-Canada Air Lines. Second, it seeks the permission of the house for a study to be made of the pension rights of existing or retired employees of Canadian National Railways. This, of course, brings up at once a number of matters which affect both crown corporations.

It will not, of course, be news to the house to learn either from the annual report of the C.N.R., through the minister or through the president of the C.N.R. that the financial position of Canadian National Railways has really worsened. This is not only in the field of freight but also in the field of passenger service. I think one had some intimation of this situation as far back as the report of the royal commission on transportation made by Mr. Justice Turgeon and two of his colleagues in 1951. A careful glance at the recommendations of that report gives some indication that there are a number of factors affecting the operation of the Canadian National Railways and, I suppose I can say, railways in general. One of these factors is the inroads made by aviation into the field of rail transportation and another is the increase in the size of the trucking industry. The motor car and truck and the aeroplane have made tremendous inroads into freight and railway passenger business, this notwithstanding the many innovations which have been introduced by both the Canadian National Railways and the Canadian Pacific Railway.

In 1960 I believe the deficit of the Canadian National Railways may well be the largest in its history. When the Minister of Finance (Mr. Fleming) brought down his baby budget in December I believe he gave some indication of what the deficit of the Canadian National Railways might be. It was certainly of the order of $75 million.

The railway position in the United Kingdom and in the United States is not unlike that in our own country. Railway expansion in the United States has not kept pace with the increase in population but rather has fallen behind, giving way especially before the advance of the motor truck and the aeroplane in almost every part of the United States. That statement is applicable to our own railways in Canada. Then we had the establishment of a royal commission in 1959 to deal with railway matters. That commission, now known as the MacPherson commission, was charged with a number of problems, two of which were the inequities in the freight rate structure and the obligations and limitations imposed upon railways by law for reasons of public policy.

I think it would be interesting to the house to learn from the minister, when he replies, what is the position of the present royal commission on transportation. When will it report? The Prime Minister in a previous debate stated that the royal commission is expected to recommend a method of freight increases which will prevent discriminatory rates. At the time of the debate regarding the resumption of work of railway employees it was said that the report would be handed down by March 31 this year. That date is coming fairly soon; it is the end of next month. Is this result still going to be possible? Notwithstanding the delays that have been occasioned in the hearing of evidence and in the presentation of briefs since the debate on the railway issue, is the royal commission on transportation still going to be able to meet the schedule that was referred to at that time? Until January of this year the royal commission was still hearing witnesses and only recently has this procedure ceased.

The next point is this. When will the discussion on the briefs take place? Assuming that this discussion were to end during the month of February, this would barely give the commission three months in which to write a report of tremendous importance. As the house knows, the Turgeon report on transportation was handed down after many months of study not only by the chairman of this commission but also by his colleagues. I know from experience that it would have been impossible for Mr. Justice Turgeon to hand down a report in three months on a matter of this magnitude and importance. The matters that have been submitted to the royal commission on transportation are not unlike, certainly in importance, those that were submitted to the royal commission in

1951. Therefore, the question I ask is this. How can the commission in the short time at its disposal have a report of this importance ready by March 31?

I think the minister also might well give some consideration to another matter that has been engaging the attention of the house from time to time. I refer to the question of lay-offs on the Canadian National Railways. What is the position with reference to this matter? I know from experience that the officers of the Canadian National Railways hesitate to give information on this subject not only to the minister but also to the house.

I am not going to debate the propriety of this situation, but I think the minister should take the opportunity to indicate to the house what has been the position with reference to these lay-offs. It has been stated from time to time that about 5,000 employees per year have been laid off by the C.N.R. within the last three or four years. If that is the case, that would be about 20,000 employees.

Mr. Deputy Speaker: Order. May I mention to the hon. member that in my view he is straying away from the subject matter of the motion before the house. This motion does not permit, to my mind, a general discussion on the problems of transportation or on all the problems which concern the C.N.R.

I do not wish to limit the hon. member but he realizes that if I permit him to speak on all these matters in which he may be interested I shall be obliged to allow the same latitude to all other hon. members. Generally speaking, on a motion to set up a committee the only questions which are relevant are those mentioned in the motion, and specially the expediency of setting up a committee. I do not wish to be too restrictive, but I leave this suggestion with the hon. member.

Mr. Chevrier: Mr. Speaker, I have come prepared to debate this point and I have the authorities before me. I do not wish to go into them and take up the time of the house, but I am quite prepared to debate this point.

I say to you, sir, with respect that I think Your Honour is in error, because it has been the practice, on the establishment of this committee at least, not to debate in detail all the things that come up for consideration in the committee—I agree with Your Honour in that respect—but generally to debate seriatim the matters which are likely to come up for consideration in the committee from time to time.

At the time this resolution was being discussed last year, when I had used about ten minutes of my time the Speaker interrupted, as did the Deputy Speaker this evening, and I was then prepared to argue, as I am now, when the then minister of transport (Mr. Hees) himself rose and said, "During all the time that I have been in the house it has been the practice to allow members to deal in a general way with these matters, as the hon. member for Laurier is doing". I think the Speaker then let the matter drop.

As I say, I am prepared to discuss the point of order, but I think perhaps Your Honour will find as I go along that I have no intention of dealing with these matters in detail but only in a general way. When Your Honour interrupted me I had almost completed my remarks in connection with lay-offs on the C.N.R.

I go on to another matter, namely the changes in the regional jurisdiction that have been brought about by the Canadian National Railways. I should like to tell the minister, and through him the officers of the Canadian National Railways, that there is a tremendous amount of resentment by people all across Canada to the changes which have been made with regard to this jurisdiction. I am not nearly as famaliar with this subject as is, for instance, the hon. member for Levis (Mr. Bourget)—

Mr. Benidickson: He spoke previously about this matter.

Mr. Chevrier: —who, I am informed, has spoken previously, and the hon. member for Kenora-Rainy River (Mr. Benidickson) who comes from a railway centre. However, I know there is a great deal of resentment and opposition to these changes. I hope the president of the Canadian National Railways will be able to explain this position because he will find, that our members at least—and I am sure the position is the same with regard to many hon. members who sit on the other side of the house—are displeased with the changes in the jurisdictional areas that have been established. I am sure there is good reason for this change, but on the other hand it has caused a great deal of dissatisfaction and I doubt very much whether it has brought about a great deal of improvement; certainly it has not so in the financial aspect of the operations of the C.N.R.

I wish to say just one word in passing about the operations of Canadian National Steamships. The minister made no mention of this matter. I think we should have some statement on the agreements which were made with the bank of Cuba, I believe, concerning the sale of these vessels of Canadian National Steamships. I think we should be told whether with the exception of one; these ships are all still in the harbour of Halifax. I think we should be given some indication as to whether the payments have been made by the purchasers or by the bank that has guaranteed those purchasers. I think we are

also entitled to a statement from the minister on the whole position with reference to the sale of these ships. It seems to us on this side of the house that it was a serious mistake to do what was done on that occasion. If I am wrong in that assumption I should like to be corrected by the minister. To us it was a mistake because after two and a half to three years seven of those ships are still lying idle in Halifax harbour. Surely we are entitled to some explanation of this situation.

I should like to draw to the attention of the house a statement contained in the speech from the throne of 1958 which read:

—you will be asked to authorize the construction of a railway to Great Slave lake.

As the house knows, this railway was to be built jointly by the Canadian National Railways and the Canadian Pacific Railway. What is the position of that railway? We know an announcement was made that a royal commission would be established to determine which of two routes would be preferable, the eastern or the western route. In accordance with another statement in the speech from the throne of 1960, a detailed survey is to be made of the western route from northern Alberta. The minister should tell the house what is the position with reference to this railway the construction of which, according to the speech from the throne, was to have commenced three years ago. If the minister is not in a position to tell the house, then the president of the Canadian National Railways should tell us. When he was asked for information in this respect during the last committee meetings he rightfully turned to the minister for guidance, and the minister said that he could not add anything to what had already been said in the house. The committee should be given some information with reference to this matter.

As the minister knows, this afternoon I raised a question concerning air routes. I turn now to another aspect of this committee's work, namely a study of the operations of the crown corporation known as Trans-Canada Air Lines. In so far as our air carriers and our air lines are concerned, there is a fairly serious situation with reference to fifth freedom rights. The *Financial Post* carried a story to the effect that an examiner of the civil aeronautics board of the United States had recommended to that board the granting of permission to two United States air lines to fly Toronto to Miami via Buffalo and Toronto to Washington and Philadelphia via Buffalo without any corresponding rights being given to Canadian air carriers. At the committee hearings I think the minister should tell us what is being done by the government to offset this serious situation because there can be no doubt that tremendous harm is being done to our air lines.

These are questions that come to my mind now. For instance, why is it that Lufthansa and Air France have the right to fly non-stop between Montreal and Chicago when T.C.A., a Canadian carrier, does not have that right? Why does Alitalia have the right to operate Rome to Montreal with onward rights to Mexico, Chicago and Los Angeles while the Canadian carrier must come down at Lisbon on the Rome-Montreal route and no Canadian carrier has the right to fly Montreal to Toronto and Los Angeles? Then, again, why does B.O.A.C. have an additional point of call at Toronto over and above Montreal when Toronto originates more trans-Atlantic travel than any other Canadian city? Finally, why should United States air lines have many more concessions in this country than we have in theirs? That is what occasioned the question I raised this afternoon about a direct flight via Buffalo from Toronto to Miami, for instance, when T.C.A. has not the right to fly to Miami.

This consideration raises the whole question of the income position of the Trans-Canada Air Lines. Last year they had a small net income of $153,000 as compared with a net income of $548,000 the year before. What is the reason for this situation? I believe one of the reasons is the fifth freedom rights which have been granted by this government—and I repeat "by this government", and not by the former government, as the minister seemed to believe, if one judges by the answer he gave in the house one day to a question—to foreign air lines in exchange for third and fourth freedom rights. Why should foreign air lines have the right to put down and take on passengers in Canada for a destination in another country, when Canada does not possess equal rights in those countries? I refer, of course, to the flights from Paris to Montreal and onward; from Rome to Montreal and onward; from Bonn and Dusseldorf to Montreal and onward. I could go on with other examples. I hope the minister will give these matters consideration.

In my opinion, all these bilateral air agreements between Canada and foreign countries, but more particularly with the United States, need to be re-negotiated; otherwise they will mean a tremendous loss of traffic to T.C.A. With the new planes which are now being operated, namely the DC-8's, it is becoming more and more important to have granted in other countries rights similar to those which other countries are granted in Canada.

I have before me the additional routes which were incorporated in the United States-Canada air agreement as amended.

Mr. Nugent: I rise on a point of order, Mr. Speaker. I thought the hon. member might be coming to the end of his remarks, but I really cannot see how he can get this detailed discussion of the air rights in agreements with other countries within the scope of this resolution. When you called him to order the last time I think he mentioned that he had just about finished his remarks and was going to stop, but it seems to me that he is getting farther away from the point all the time.

Mr. Chevrier: On the point of order, may I say this. I did say I was finishing my remarks with reference to the lay-offs in the Canadian National Railways, but this is a different matter altogether. My hon. friend wants to know how I can bring this matter within the purview of the resolution. It is very easy to see that the air agreements have a bearing on the operations and the profit position of Trans-Canada Air Lines. This committee is going to deal with the financial position and the operation of Trans-Canada Air Lines. If Trans-Canada Air Lines is not given the rights to operate in other countries in the same way as other countries are given rights to operate in Canada, then surely its profit position is going to be affected.

Mr. Deputy Speaker: I must say that I was about to rise when the hon. member raised his point of order. It seems to me that the hon. member for Laurier is now discussing the internal policy of the government with regard to international air agreements. Although it may have some bearing on the operations of Trans-Canada Air Lines, it is certainly not a matter which could be discussed in detail at this time in the way in which the hon. member has been discussing it. I might refer the hon. member for Laurier and hon. members generally to a decision of Mr. Speaker on January 18, 1961, as found at page 1184 of *Hansard*. I do not think I need to read all of Mr. Speaker's comments. I will simply refer to this passage:

> I know that a motion to set up a committee has been used deliberately by the house as a vehicle for debate on external affairs, for example—

In this case we could say on transport policies.

> —but that, of course, is by consent. I think many times the house has debated the substance of a matter to be referred to a committee more by consent than because of its relevance. Having taken that view and realizing the difficulties, I would not feel at all embarrassed, in fact, it might settle the practice if an issue were made of it and the house made its own decision.

[Mr. Chevrier.]

I might say that similar views were expressed by Mr. Speaker Beaudoin in 1955. I refer hon. members in that regard to page 2441 and following of *Hansard* for March 28, 1955. I might also indicate to the hon. member for Laurier that he has been asking the minister for statements of policy on certain matters. Obviously that type of debate should, in my view, be held on the estimates of the Department of Transport because if the minister is to start debating policies on all matters concerning his department we will certainly not be able to discuss whether it is opportune to set up a committee. That is the only problem with which the house is concerned at the moment.

As I say, I agree with the hon. member for Laurier that references can be made to the subject matters which are going to be discussed in the committee. However, to discuss in detail air policies or even lay-offs, which the hon. member for Laurier mentioned, to my mind is to engage in discussion that is not relevant because it opens up a general anticipatory debate on transport which would be much wider than the type of debate permitted on a motion of this kind. The hon. member for Laurier realizes, as do all hon. members, that he will have an opportunity to discuss transport policies when the estimates of the minister come before the committee of supply. Therefore I ask for co-operation from all hon. members in being more relevant and adhering more strictly—I do not say strictly—to the rules of relevancy.

Mr. Chevrier: I wonder whether Your Honour will allow me to bring one point to your attention. Your Honour has just read the decision of the Speaker. With great respect, may I say that I do not think the Speaker made a decision on that day because if Your Honour had continued to read I think you would have found that, after the Speaker had referred to the matters to which he alluded, it seemed to be generally agreed that this whole subject, which certainly had not been determined by any rule of the house, should be referred to the committee on rules.

I have before me the debate on January 18, 1961 in which the Speaker said, as found on page 1184 of *Hansard*, that in his opinion the discussion was not a review of all of the matters to be referred to the committee. A little later he said that a wholly different practice had, perhaps wrongly, been consecrated in the house. He did not say it had been consecrated. A little further on he said that there was no specification of what the matters were that were to come before the committee. Then there followed a general discussion into which the hon. member for Bonavista-Twillingate and several others entered.

If one reads the proceedings I think what follows is that the Speaker was asking himself what is the scope allowed in such a discussion. I think he certainly said that one cannot go into details in an interminable manner, and with that statement there can be no quarrel. Certainly he also stated that one can discuss general heads of discussion such as the regional divisions of the C.N.R., as I did; lay-offs on the C.N.R.; curtailment of operations; the royal commission on transportation; Trans-Canada Air Lines; and, in a general way, the air agreements that affect the profit and loss position of Trans-Canada Air Lines.

I think it was also stated that such a discussion should authorize a review of matters that are of urgent importance and cannot be debated prior to the meeting of the committee. That is an important matter. When is this committee to meet? The minister has stated that the reports of the C.N.R. and T.C.A. have not been tabled and may not be tabled until the month of March. The committee may not sit until April after the Easter recess. Therefore, if there is no calling of the estimates of the Department of Transport, as Your Honour has suggested, from now until then, there will be no opportunity whatsoever during a period of almost two months to debate these matters which on the face of them are all important.

It seemed to me that the discussion which followed on January 18 was not terminated in that while the Speaker said there was no general practice the tradition was that one should stick to a general discussion as much as possible. It was suggested, and I think that the suggestion deserved consideration, that the whole matter be referred to the committee on rules. However, I am not going to pursue the matter unduly. I did want to make these points because, with all due respect to you, sir, I do not think there has been a ruling on the matter. I do not think there can be a ruling until the committee on rules deals with the matter. The practice and the tradition of the house are that you cannot talk about these matters interminably but surely on matters of importance such as those which I have discussed so far there should at least be a general discussion. I have tried to discuss things generally. If I have strayed away I am grateful to Your Honour for bringing me back, and I will try to stick to generalities as much as possible.

There is one other matter which I submit to the house is of extreme importance. I have raised it before in the house. I refer to the position of the T.C.A. pilots. As the house knows, 104 pilots of Trans-Canada Air Lines are going to be out of work because of the new DC-8 equipment being put into operation. It was stated by Trans-Canada Air Lines and also by the minister, I believe, that employment would be found for all of these men. I have no doubt that is the intention of T.C.A. and of the minister but that is not the case so far. It was stated that these pilots would be taken on British European Airways or Air Lingas. However, my information is that thus far only 42 of these pilots have been taken on by these air lines. That was the information that was given to me when I raised the matter in the house some weeks ago. If the situation has changed, that is all to the good but I think the minister should make it his responsibility to see that none of these pilots who have given good service to Trans-Canada Air Lines will find themselves out of employment because of the change in equipment from the older, lighter and slower aircraft to the much heavier, more modern and speedier aircraft. I do not believe I need to tell the minister that when the Department of Transport employees in British Columbia were affected by a sale of telegraph lines belonging to the government, it was seen that at least 99 per cent of the employees were given employment of a comparable nature elsewhere. This should be done here, and every effort should be made to find employment for these people.

Then, as a preamble to what I shall have to say later, I should like to state that there are few air lines in the world with the record of safety that Trans-Canada Air Lines possesses. This is a statement that has been made in this house, in the committee and outside of the house. I believe Trans-Canada Air Lines deserve a tremendous amount of credit for the manner in which they operate their air line, in so far as safety is concerned and in so far as their over-all operations are concerned. The safety record is due in large part to these pilots, and it seems to me that for this reason no effort should be spared to see that they are not without employment.

What I have said with reference to safety does not apply to Trans-Canada operations on the ground. I have received a number of letters to which of course I am not going to refer because it would be going into the matter in too great detail. The gist of the complaints in those letters is to the effect that, on the ground, Trans-Canada Air Lines could still tremendously improve their operations. Having said that, and because I do not want to offend against the decision of the Deputy Speaker, I think the minister will understand what I mean. I am sure the president of Trans-Canada Air Lines will equally be in a position to explain this matter to the committee.

I feel, too, Mr. Speaker, that the house and the committee should be given some explanation about the position of air cargo in so far as Trans-Canada Air Lines is concerned. There has been, in the correspondence which I have received, a great deal of complaint concerning the fact that sufficient air cargo is not moved on T.C.A. aircraft. I trust that it will be possible for the committee to get information in that respect.

There are other members who, I am sure, would want to deal with other aspects of the committee's work. I shall not transgress upon the time of this committee to deal with other aspects. I could refer to the transportation services and transportation facilities of the Canadian National Railways in the Atlantic provinces and on the west coast of Canada. Having said all this, I should like now to move an amendment to this resolution. I desire to move, seconded by the hon. member for Kenora-Rainy River (Mr. Benidickson), the following amendment:

That the words "Canadian National" in line 6 be deleted.

Mr. Deputy Speaker: Before I put the amendment would some hon. member wish to discuss a problem relating to the admissibility of the amendment? As I understand it, the amended motion would cover existing pensions rights of retired railway employees of other railway companies. I believe that would be the purport of the amendment, and a problem arises as to the enlargement of the scope of reference of this committee.

Mr. Chevrier: I am prepared to speak to that point, sir, if you would hear me. The amendment which has been moved is, in my opinion, in order, particularly if one has in mind citations 291 and 293 of Beauchesne's fourth edition. Citation 291 reads:

When the house is engaged in nominating the members of a committee, it is not competent for an honourable member to open the whole subject.

Then, the citation continues:

When the house is considering a motion, of which notice has been given, for the appointment of a select committee, a member cannot move in amendment that the committee be given wider powers than those which were set down in the notice.

I do not want to read the remainder of the citation because I think I can establish that what I propose to do does not give wider powers.

Citation 293 reads:

On a motion that a select committee be appointed to examine the recent rise in the cost of living and an amendment that the committee be empowered to examine the effort of present government policies in lessening agricultural production, the Speaker ruled as follows: "Though I find this amendment relevant to the main motion, I cannot yet overlook the fact that questions of policy are so complex that they should not be moved as corollaries to the appointment of such a committee as the one now proposed."

What I wish to do now is to relate my amendment directly to the useful elaboration of these two citations, only parts of which I have put on the *Hansard* record, and to which Mr. Speaker referred last session. This reference will be found at pages 286 and 287 of the *Journals* for March 17, 1960. At that time Mr. Speaker was dealing with a similar point, and perhaps Your Honour was present. You will recall that on that date Mr. Speaker has occasion to rule upon two amendments to the motion to set up a defence committee. The first amendment His Honour ruled out of order and the second amendment His Honour ruled in order.

During the course of Mr. Speaker's first ruling he referred to a number of precedents upon which he based his decision. I wish now to draw to your attention to two sentences from this first ruling. The first of these sentences is to be found on page 286 of the *Journals* of March 17, 1960 and reads as follows:

An amendment to a resolution which introduces something new and different in kind into the terms of reference which the motion sets up for the committee goes too far and would require notice of motion itself before it could appear on the order paper.

The second sentence which appears on page 287 reads as follows:

On the principle that an amendment must not introduce new and different subjects to be referred to the committee, I must find that the second part of this amendment goes beyond what would be acceptable.

It is under this ruling of Mr. Speaker's that I think my amendment to this resolution falls. Therefore, I submit with confidence that my amendment does not introduce something new and different in kind because I am deleting the words "Canadian National Railway" and that it is still a discussion of pensions. It does not introduce something new and different in kind into the terms of reference. Nor does it introduce new and different subjects. If my amendment for example sought to include in the motion such items as seniority provisions, general welfare benefits, then I think it would be defective because such subjects would be new and different in kind. That is why the second ruling made by Mr. Speaker gives an even stronger foundation to my argument.

As you recall, sir, the second amendment changed the period of time covered by the accounts which were referred to the committee. My amendment does not do that but extends the category of employees to be covered under the general grant of power to investigate pension benefits. It does not,

in the words of the Speaker's rulings, introduce something new and different in kind, or new and different subjects. It simply is, as I have stated, enlarging the category of railway employees whose pension benefits are to be examined. I therefore contend that if it is in order to extend the time period over which a particular grant of power may be exercised, then it is equally in order to enlarge the category of employees over which an examination can extend.

For those reasons it seems to me that this amendment does not go beyond the scope of the ruling of His Honour of March 17, 1960.

Mr. Benidickson: Mr. Speaker, may I be heard on this point of order. There appears to be some question on Your Honour's part as to whether or not the amendment was expanding the area of consideration proposed. May I remind Your Honour why we are in the arena on pensions at all with respect to a motion that has come before this House of Commons year after year with reference to public activities of our Crown railway and shipping companies as submitted to a parliamentary committee. As you will notice, Your Honour, the motion this year has a substantial change from the traditional procedure. It involves for the first time in many years the suggestion that the committee should consider matters of pension. This change results from what I call a red herring, an ad hoc or off the cuff suggestion made by the Prime Minister when he was embarrassed in the debate on December 1 and 2 with respect to the freeze of the railway employees on the proposed strike. It was only then that any suggestions were made that a parliamentary committee would have enlarged powers during this session to consider the matter of pensions and turn-around rights of railway employees. I say that subject was introduced in a novel way this session by the government. I am sure that, under those circumstances, Your Honour would not want to restrict the opportunity that would normally prevail for an amendment and consideration of alternatives.

Mr. Creaghan: Mr. Speaker, I should like to reply briefly to the argument just introduced by the hon. member for Kenora-Rainy River.

It is a well known fact that retired C.N.R. workers have been urging the government of Canada since 1945 to increase the pensions paid to former employees of the so-called government owned railways such as the Intercolonial Railway and others in eastern Canada. Since my election to the House of Commons I have consistently placed a resolution in this regard on the order paper. The resolution that was placed on the order paper this year appeared on November 24 and is No. 38 under routine proceedings of this date. This resolution urges the government once again, for the third consecutive session, to introduce legislation providing for an increase in pensions paid to railway employees.

I submit that the proposed amendment is out of order. It is designed to confuse and to put responsibility on a sessional committee to examine the pension privileges of employees of the Canadian Pacific Railway and other railways. I am certain that the interpretation of the minister's resolution would be one which would include not only the Canadian National Railways but certain railways in eastern and western Canada formerly owned or controlled by the government. This resolution would include the right of the committee to examine pensions of various railway companies owned and controlled by the government. I think it would only add confusion and delay and create impossible results for a small committee of 26 members to attempt to determine what pensions railway workers outside of government owned or controlled lines should be entitled to.

On the point of order, Mr. Speaker, I would suggest that all railway workers are included in this resolution if they worked for railways controlled by the government. They are automatically included because in 1922 the Canadian National Railways took over government-controlled railways. The amendment is unnecessary as far as I am concerned.

I should like to see this committee formed, and I have every reason to expect that it will make a thorough investigation into existing hardships. I am sure that the hardships of former employees of government railways will be considered together with inequities which exist, if any, under the current C.N.R. regulations on pensions. I therefore suggest that the point of order is ill-founded. I also suggest that the amendment is unnecessary because it does nothing but add confusion and impossibilities to the task of the committee.

Mr. Fisher: Mr. Speaker, the argument so far as concerns what might be called the legal interpretation of the words of the amendment is something I do not wish to comment upon. I should like to see the amendment carried and to speak in favour of it. I do want to draw to your attention that the Minister of Transport in introducing this resolution made a statement which indicates that the reason for the expansion of the resolution was a commitment

the Prime Minister made in this house. The commitment appears at page 356 of *Hansard* and reads as follows:

—this year I intend to ask the committee on railways, canals, and telegraph lines, when set up, to undertake an investigation of one of the major grounds of objection on the part of railwaymen, that of the break in pensions.

I feel that anyone who knows anything about the pension situation realizes that the matter is much more of a problem in regard to the Canadian Pacific Railway than it is in regard to the Canadian National Railways in so far as breaks in pensions are concerned.

At page 356 of *Hansard* the Prime Minister is reported as saying:

I will ask for this matter to receive the fullest investigation by the committee when set up, to the end that, where injustice exists, changes may be recommended by the committee in that particular, as well as in those turn-around comforts and benefits for which railwaymen have asked for so many years.

The point I want to draw to Your Honour's attention is that the reason for the expansion beyond the normal in this resolution is that undertaking of the Prime Minister. I would argue that the undertaking of the Prime Minister is with regard to all railway men and not just with regard to employees of government controlled railways. It is very obvious that as to turn-around benefits and breaks in pensions, the Canadian Pacific Railway employees or the employees of the Ontario Northland Railway are just as much involved as are any others.

My opinion is that the Minister of Transport and the Prime Minister have not given much consideration to this problem. I feel that this sessional committee on railways, air lines and shipping is not the committee which should consider the pension situation. I feel that this problem should be considered by the standing committee on railways, canals and telegraph lines. I feel that one reason I say this is fairly obvious, namely that it will take a considerable amount of time and a great deal of effort to consider this subject. Individuals will come from across the country to appear before this committee. It is the normal practice that the sessional committee sit during the morning, afternoon and through the night regardless of what is happening in the house. It normally sits for two or three days. I just offer that comment because it seems to me the Minister of Transport introduced the whole matter hinging it on the statement of December 1, 1956. I am pleased that the minister has drawn attention to the Prime Minister's commitment but I think maybe he could clear up any doubt about how efficacious this particular amendment is. It seems to me the hon. member for Laurier (Mr. Chevrier) has tried by this amendment to go much more along the lines of the suggestion the Prime Minister offered than the amendment originally allowed.

Mr. Churchill: I think the proposed amendment is out of order for the reasons which have been so ably set before Your Honour by the hon. member for Laurier, but if you will look at the proposed motion—and the hon. member for Westmorland (Mr. Creaghan) drew this matter to the attention of the house—you will see that the committee there mentioned is a sessional committee on railways, air lines and shipping owned and controlled by the government. I think that is the essential part of the motion, which then goes on to speak of the employees. It is referring then, as it states, to employees of a railway that is owned and controlled by the government.

On the two points raised by the hon. member for Laurier referring to the ruling by Mr. Speaker last year, it seems to me that that ruling would apply in this instance because—and here I take issue with the hon. member for Laurier—the amendment introduces something new and something different, something which was not covered in the original motion. The motion refers to pension rates of retired and present C.N.R. employees and the hon. member for Laurier wants to bring in the pension rates of present or retired railway employees whether they belong to the C.N.R. of the P.G.E., the Ontario Northland Railway or any other line in the country. That, surely, is something different from what is covered in the original motion.

In the second place, the amendment is obviously intended to confer on the committee wider powers than those delineated in the motion. Last year Mr. Speaker, following earlier rulings, decided that an amendment which introduced something new and different and which sought to widen the terms of reference was completely out of order, and he ruled accordingly.

Mr. Browne (St. John's West): I should like to support what the Minister of Veterans Affairs has said. I should like to refer the house to section 291 of Beauchesne's fourth edition which the hon. member for Laurier (Mr. Chevrier) did not read fully. Section 291 says that when the house is considering a motion of which notice has been given for the appointment of a select committee a member cannot move an amendment that the committee be given wider powers than those set down in the notice. There is a principle involved.

Mr. Chevrier: I read that.

Mr. Browne (St. John's West): I know the hon. gentleman read it, but he is not following it. This amendment would certainly give wider powers, because here the notice of motion is to consider the pension rights of existing or retired Canadian National Railway employees; and when you leave out the words "Canadian National" you go from the particular to the general, you take in the whole scope of railway employees from one end of Canada to the other and, as no one knows better than does the hon. member for Laurier, that is going to take in thousands of employees.

Mr. Chevrier: That is what the Prime Minister said.

Mr. Browne (St. John's West): We are not talking about what the Prime Minister said. Both the hon. member for Laurier and the hon. member for Port Arthur are out of order in referring to a debate which is already closed. We are dealing now with the setting up of a committee and we cannot discuss any other subject.

Mr. Chevrier: Even if the committee is to be set up for the purpose of dealing with the Prime Minister's undertaking?

Mr. Browne (St. John's West): The hon. gentleman should not be cross-examining me. He held the floor for an hour without saying anything very much, and what I am saying is correct. You cannot go from a consideration of the position of Canadian National employees to a consideration of the position of employees of all the other railways in the country as well. Suppose this motion involved steamship companies, and instead of "Canadian National Railways" it said "employees of the Canadian National Steamships", would the hon. member suggest that we could consider the position of all steamship employees and would he say it was not introducing something new and different? The hon. member is enlarging the scope of this motion and therefore he is asking the house to consider something new and different. Let us suppose, again, that the motion referred to employees of the Canadian National hotels. Would the hon. member ask us to leave out the words "Canadian National" and consider all hotel employees in Canada, saying, at the same time, that nothing new or different has been introduced? The hon. member for Laurier is completely illogical in his argument tonight and I submit we are simply wasting time in considering it any further.

Mr. Chevrier: Perhaps I may be allowed to reply to what has been said by the leader of the house, first of all, when he stated that this amendement introduced something new and something different. On that aspect all I wish to do is to rely on the ruling of Mr. Speaker in March, 1960, when, in dealing with a similar amendment he came to the conclusion, in a case which I submit is on all four's with this one, that something new and different was not being introduced. In any event, this is not introducing something new. This amendment is withdrawing the words "Canadian National Railways" and therefore it cannot be introducing something new and different.

Some hon. Members: Oh.

Mr. Chevrier: In so far as the argument of the Solicitor General is concerned, I submit, with deference that it is entirely irrelevant because the hon. gentleman does not take the position which the Minister of Transport (Mr. Balcer) took last year with regard to a similar motion when I moved an amendment not unlike the present one. Objection was taken to it; there was discussion as to whether or not it was in order. The Minister of Transport rose at once and said, "Certainly we have no objection to the house studying this matter". He obtained the approval of the Prime Minister (Mr. Diefenbaker) and at once that was accepted. As the Prime Minister made that statement—as the hon. member for Port Arthur (Mr. Fisher) has already indicated—as reported at page 356 of *Hansard*, namely that this is the kind of matter he wishes discussed, there should not be any objection to considering it now simply because of the point made by the hon. Solicitor General.

I draw to your attention, sir, the words of His Honour the Speaker in the ruling he made on March 17, 1960. In that ruling he made it quite clear that since what was being done was not introducing something new and something different, the amendment was in order. I submit, with deference, that this amendment is in the same category.

Mr. Deputy Speaker: I think the discussion has been sufficient to permit me to give a ruling. As to the—

Mr. Benidickson: Mr. Speaker, may I just make one point of order referring to the activities of the same committee last year—

Mr. Deputy Speaker: Is it referring to the activities of the same committee last year, or to an amendment to a motion setting up the committee last year?

Mr. Benidickson: No, Mr. Speaker, it is referring to procedures and considerations allowed last year in the same committee.

Mr. Deputy Speaker: Does the hon. member mean the discussions which took place in committee? In my view that matter would not be relevant; that could not help the Speaker to rule on this point.

As to the purport of the amendment, I think the hon. member for Laurier (Mr. Chevrier) has made it clear that it would permit the consideration of the systems of pensions of all railways' employees, and that the motion as now drafted considers only the C.N.R. employees.

As to the applicable citations in Beauchesne, I agree with the hon. member that citation 291 does apply:

291. When the house is considering a motion, of which notice has been given, for the appointment of a select committee, a member cannot move in amendment that the committee be given wider powers than those which were set down in the notice.

The Solicitor General referred also to what we find later on:

The Speaker ruled both amendments out of order on the ground that they raised new questions not contemplated in the notice of motion and proposed to extend the committee's powers far beyond those set down in the notice—

I would also draw the attention of the house to citation 203, paragraph 5 of Beauchesne's fourth edition:

203. (5) An amendment was ruled out because it raised a new question which could only be considered on a distinct motion after notice.

It has been drawn to the attention of the house that the notice of motion reads:

That "a sessional committee on railways, air lines and shipping owned and controlled by the government be appointed" to consider—

And the several matters are therein mentioned. Therefore there is no doubt in my mind and I have no hesitation in saying that the amendment, to the extent that it extends the powers of the committee beyond those which it would normally have, would require a different notice.

The hon. member for Laurier will immediately realize that if the government wished to set up another committee to consider the whole problem of retired railways' employees it could do so and could make another motion to set up such a separate committee to consider the problem which he is trying to include in the motion before the house.

As far as concerns the ruling given by Mr. Speaker last year to which the hon. member has referred, I must say that his authorities were the same as those which I have drawn to the attention of the house. Therefore I have no hesitation in saying that this amendment would widen the powers of the committee and would extend the scope of the matters to be considered by the committee.

[Mr. Benidickson.]

I have no hesitation also because, to my mind, when discussing this problem of the C.N.R. employees in committee it might then be relevant to make some comparisons with other pension systems concerning other railways' employees, but the report of the committee shall have to be limited to the problem concerning retired C.N.R. employees. Therefore I rule the amendment out of order.

Mr. Benidickson: Mr. Speaker, would you hear me on the point of order?

An hon. Member: Which one?

Mr. Deputy Speaker: I am sorry, but I think the Chair has made it clear that a decision has been reached.

Mr. Benidickson: I think Your Honour—

Some hon. Members: Order.

Mr. Benidickson: —has referred to Canadian National Railways as only one company, under the reference—

Mr. Deputy Speaker: Order. At this point I think the hon. member knows that the only thing he can do is appeal the ruling.

Mr. Chevrier: Mr. Speaker, I desire, respectfully, to appeal your ruling.

Mr. Deputy Speaker: Those in favour of sustaining the Chair's ruling will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

Mr. Deputy Speaker put the question as follows:

The question is an appeal to the house from a decision of the Chair as follows:

"To the motion to appoint a sessional committee on railways, air lines and shipping owned and controlled by the government, Mr. Chevrier moved in amendment as follows:

'That the words "Canadian National" in line six be deleted'.

Mr. Deputy Speaker ruled the amendment out of order on the ground that it would widen the powers of the committee beyond those which were contemplated by the notice given thereof, and it also attempted to introduce a substantive question which could be raised only after due notice."

Whereupon Mr. Chevrier appealed to the house from the decision of the Chair.

The house divided on the question: Shall the Deputy Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Aiken	Korchinski
Anderson	Kucherepa
Balcer	Lambert
Baldwin	LaRue
Bell (Saint John-Albert)	MacEwan
Bigg	MacInnis
Bourbonnais	MacLellan
Bourdages	McBain
Broome	McCleave
Browne (St. John's West)	McFarlane
Campbell (Lambton-Kent)	McGrath
	McIntosh
Campeau	McLennan
Cardiff	Matthews
Cathers	Milligan
Chambers	Monteith (Perth)
Charlton	Montgomery
Churchill	More
Clancy	Morissette
Coates	Muir (Cape Breton North and Victoria)
Comtois	
Cooper	Nesbitt
Creaghan	Noble
Crouse	Nugent
Dinsdale	O'Hurley
Doucett	O'Leary
Drysdale	Ormiston
Dubois	Pascoe
English	Phillips
Fairclough, Mrs.	Rapp
Fane	Ricard
Flemming (Royal)	Rogers
Frechette	Skoreyko
Gillet	Smith (Lincoln)
Grafftey	Southam
Gundlock	Speakman
Henderson	Starr
Hicks	Stefanson
Hodgson	Stewart
Horner (Acadia)	Stinson
Horner (The Battlefords)	Taylor
Howe	Tremblay
Jorgenson	Villeneuve
Keays	Webb
Kennedy	Woolliams
Knowles	Wratten—90.

NAYS

Messrs:

Argue	Howard
Batten	Martin (Timmins)
Benidickson	Meunier
Boulanger	Michaud
Carter	Peters
Chevrier	Pitman
Deschatelets	Ratelle
Fisher	Richard (Ottawa East)
Godin	Roberge
Granger	Robichaud
Habel	Rouleau
Herridge	Tardif—24.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, we may not win many votes but at least tonight we win the attendance contest. On May 5 two years ago Clark Davey of the *Globe and Mail* had the following story reporting on the sessional committee on railways:

C.N.R. President Donald Gordon bluntly told members of parliament today that if there is a strong feeling the government owned railway is not being efficiently operated he and his top management team should be fired.

I intend at some time in the committee's proceedings to see what support I can find to take Mr. Gordon at his word because I have reached the stage where it is my view that he has about reached the end of the road as president of Canadian National Railways, and I should like to go on and make some points as to why I feel this is so.

As everyone knows, the head of Canadian National Railways, namely Mr. Gordon, is a very blunt, outspoken, forthright man. He is prepared to take his chances as can be judged by his statement, "If you do not think we are efficient, fire us". In every year that Mr. Gordon has been before the committee when I have been a member of it he has emphasized that he wants Canadian National Railways to be treated as a private enterprise organization with a balance sheet and all its efficiencies. I do not think that is what Canadian National Railways should be but if that is what Mr. Gordon thinks it is, and if that is what he insists his instructions from parliament are, then on that basis I think Mr. Gordon must go. He has had his decade in charge of Canadian National Railways and it seems to me that all he has accomplished every year is a bigger and bigger spending program and in most cases a bigger and bigger deficit. I know that the morale of the railway employees has nosedived and there seem to be no future prospects for efficiency or for any kind of balanced budget on the Canadian National Railways as long as we have Mr. Gordon as the president of the railway.

There is one thing about Mr. Gordon. He does not want only himself to tumble if the railway is found guilty of inefficiency. He thinks his top staff should go too. From what I hear in my constituency in which there are many railroaders there are a great many top staff on the Canadian National Railways. I had a report the other day with regard to one particular place where there used to be a balanced work force and now there are more foremen than there are employees. There seem to be a great many chiefs and very few Indians on the Canadian National Railways. When it comes to determining how many chiefs are to go along with Mr. Gordon I think the committee should investigate this matter and should try to question him when he is before us as to just who he thinks should depart with him if the committee finds, as I think it should, that he is inefficient and that the top management have been inefficient.

There is one thing that has intrigued me about Mr. Gordon. He has worked out a technique that I think most politicians should use. You might call it blunt candour. He is always ready to admit the worst right at the

first. I noticed that a couple of weeks ago he made a speech entitled "Total Distribution Costs". He was addressing the Canadian industrial traffic league in Toronto on February 16 and through some kind of courtesy I have a copy of his speech tonight. He said:

> I began tonight with a background of some of the problems of the Canadian National and the railway industry. I have told you of my concern about the inability of the railway industry to hold its share of the transportation market despite very large capital expenditures to improve every phase of its physical operation.

He is being very candid with us. Every year he comes along and asks for more money. Every year we have a generally increasing deficit. However, Mr. Gordon has always taken us into his confidence. He says that in the future things are going to improve but in ten years they never have improved. The situation has deteriorated.

My interest in the railway situation, of course, stems from the fact that the employees are complaining very much about the situation. They have lost faith in the present management. Morale is shot, and all you have to do is to look at the changes in the employment structure and the number of jobs that are disappearing. All you have to do is to visit some of the divisional points to see just how serious things are. Mr. Gordon went on to say:

> I have explained why the Canadian National decided that a physical rejuvenation alone was not enough and how we have undertaken a major organizational overhaul.

This is the point I want to make as a reason why we should consider that Mr. Gordon is inefficient and that it is time he should go. He has been there for ten years and finally at long last out of a clear blue sky he has plucked this terrific change about which we are all hearing.

Mr. Chambers: May I ask the hon. member a question? He says that Mr. Gordon should go. Has it occurred to him that Mr. Gordon probably feels the same way about him?

Mr. Fisher: The hon. member knows it is quite easy for me to go and for him to go. At the next election we can all go. That is perhaps one reason why as a politician who can be booted out any time I am not worried about the tender sympathies of Mr. Donald Gordon. I also have an idea that if he is the great man many people seem to think he is, he can get a job at any time. As the hon. member for Danforth (Mr. Small) said last year, why did he not take that damn job down in the United States?

Mr. Nugent: I rise on a point of order, Mr. Speaker. While the hon. member may be making a speech which has a great deal of attraction for members in the house I do not think it comes within the resolution. It is my submission that what is at stake here is whether or not a committee should be appointed and, if a committee is to be appointed, what subjects are to be referred to it for its consideration. I can understand hon. members introducing other subjects which they think should be referred to the committee but the point under discussion now is whether or not the committee should be appointed and whether it should consider these matters. Hon. members may have to refer to points which they think should receive the attention of the committee in order to make an argument as to why the committee should give attention to them, but I submit that at this stage it is out of order to deal in detail with the points the committee should consider.

Mr. Broome: On the point of order, may I say that I think we are becoming rather thin-skinned on this point and that I am in favour of the hon. member continuing in the same vein as long as he wants to do so.

Mr. Argue: That is a blow for freedom.

Mr. Deputy Speaker: Order. I would say that the comments of the hon. member up to now have been relevant but what is contrary to the general rule that I indicated previously is that he may be labouring the point a little too much.

Mr. Fisher: My point is that Mr. Gordon has introduced now a sweeping reorganization of Canadian National Railways. Maybe it is a good one but the three great moves he has made in connection with the railway have indicated to me that he is not in control and cannot direct the destinies of this railway to the best advantage.

Hon. members who have been in the house for some time will recall that the big thing Mr. Gordon wanted to do when he took over Canadian National Railways was to get the debt position of that railway straightened out. Canadian National Railways had to earn a tremendous amount of money for interest charges on a debt for which it was really not originally responsible. Some adjustment was made in the early fifties with regard to this debt position. It was all cleared up and Canadian National Railways no longer had this onerous debt burden. In a way, that was Mr. Gordon's first big ploy.

The second big ploy concerned a tremendous capital input in order to get modern diesel locomotives for the Canadian National Railways. The dieselization program has been completed and most of the railway has been modernized in so far as its signal organization is concerned. Two large humpyards have been put into operation, and a couple more

will soon be working. I would not doubt that these improvements have had some considerable effect on the efficiency of the Canadian National Railways. However, they have not brought Canadian National Railways any closer to the kind of balance sheet that Mr. Gordon insisted should be expected from Canadian National Railways. We are no closer to a balanced operation, no closer to a profit position. In other words, Mr. Gordon has failed in his private enterprise direction.

We are now hearing a great deal about the administrative overhaul of the system and the development of a new symbol. This appears to me to be another method of carrying Mr. Gordon for a couple of years, another excuse for delay. I feel that after 10 years Mr. Gordon and those close to him have had their chance. I do not agree that we should consider the Canadian National Railways as a private enterprise. Those are the terms under which Mr. Gordon insists he should operate. I would argue—and our party takes this view—that the whole railway operation in Canada should be consolidated under a government corporation. We feel that almost all railway organizations in Canada today have to receive some form of subsidy. We feel that railway operations need some common plan.

Mr. Drysdale: Would the hon. member permit a question? The hon. member has put Mr. Gordon's position on the basis of private enterprise. However, before the royal commission on transportation, Mr. Gordon indicated that he wanted to abandon many of the passenger lines. He felt that he could effect a saving of some $60 million or $70 million, an amount almost equivalent to the deficit of the Canadian National this year. Does the hon. member agree that Mr. Gordon should be permitted to abandon these passenger lines in order to bring the railway operation into balance?

Mr. Fisher: The hon. member could refer to more than that point made by Mr. Gordon and his officials before the royal commission.

Mr. Drysdale: Do you agree with that position?

Mr. Fisher: I feel there needs to be complete rationalization of railway operations, along with other transport operations in Canada.

Mr. Benidickson: Without reference to words like "rationalization", would the hon. member for Port Arthur just explain the difference between what he calls the operation of a completely publicly owned railroad and what he would propose if the railroad were operated under a socialist scheme?

Mr. Fisher: I do not think I have to go into that matter, Mr. Speaker. I will say to the hon. member for Kenora-Rainy River (Mr. Benidickson) that I believe it is about time Canadian Pacific Railway operations and Canadian National Railway operations were brought under one organization. I believe it should be a public organization. I feel there is a strong suspicion amongst many employees of the Canadian Pacific Railway that the Canadian Pacific Railway itself would like to get out of the railway business. One certainly is led to the conclusion that both railways are willing to get out of the passenger business, if one is to judge by some of the services which are provided, or the lack of them.

Mr. Benidickson: Do you agree with that? I will bet that you would bail the C.P.R. out.

Mr. Horner (Acadia): Will the hon. member permit another question? Would the hon. member tell this house how his plan would permit the railway employees to retain their jobs?

Mr. Fisher: I know the hon. member is worried about the Crowsnest pass rates, but I think if I were to answer the hon. member's question I would have to go far beyond what is relevant in this debate.

Mr. Deputy Speaker: I think I must say that I agree entirely with the hon. member.

Mr. Fisher: One of the points that I must touch upon, Mr. Speaker, was raised by the Minister of Transport (Mr. Balcer) and involves the amendment that was ruled out of order. I should like to refer to the position taken by the Prime Minister (Mr. Diefenbaker) as recorded on pages 365 and 367 of *Hansard* for December 1, 1960. I should like the minister to explain to us why the study referred to there has been narrowed to a study of the turn-around rights and pension situation of Canadian National Railway employees only. I should like to know why this whole pension question is not being studied as it relates to all railways. It seems to me that was the undertaking the Prime Ministre gave. I think the Minister of Transport should explain this change to us before we pass this resolution.

I know that the hon. member for Kenora-Rainy River feels this offer of the Prime Minister's was a red herring. I must say that was my own opinion. I felt that it was designed to take the edge off much of the bitterness amongst railway employees. I certainly feel that this resolution is not broad enough to permit the problem to be properly tackled. Those members who follow railroad history will know that some years ago the Canadian Pacific Railway fired a number of

employees. Those employees finally got back on the railroad, but their years of service before the firing took place were not recognized for pension purposes. A battle has been fought on this subject by members of parliament for many years, and some success has been attained, but never complete success. This break in service as it applies to pension rights has been one of the big issues, and if we are going to look at the pension situation of Canadian National employees it seems to me the same people should be looking at the pension situation of Canadian Pacific employees. Otherwise, the Prime Minister's promise really becomes a half-hearted one or an incomplete one. I hear one hon. member say, "as usual". I know he is extremely sceptical of the Prime Minister's promises. I will not say I go quite as far as he does, but we must retain a certain amount of scepticism or else we would resign our seats so we could have 265 Tories here.

An hon. Member: That is progress.

Mr. Fisher: What we should be considering at this time in relation to the committee's operations is the impact of automation and the response of the railway to this situation. During the years I have been a member of the committee, Mr. Gordon has always given us grand assurances that the railway is responding to the challenge of automation by providing for the movement of personnel and job training. However, when it comes to the point of giving the details, he will not provide the details. At this point he always begins another favourite gambit which is part of that candour he exhibits and which usually strikes some response from some members of the committee. He begins to play up the bogey of the labour unions and the contract agreements the railways have with the unions. He has told all the members of parliament that they should keep their noses out of these employee matters because a good arrangement has been worked out in the contracts between the management and the unions.

However, when you ask Mr. Gordon for the details of this job training program and the shifts, he says something about the 27 unions with which the railway has contracts; they all have different jurisdictions, different geographical boundaries, and so it is very difficult to get moving. As a consequence, these union people keep coming to members of parliament rather than going through union channels because it seems that neither does Mr. Gordon nor do the unions know what the channels are. I can give you a prime example of just what took place last year. With nine days' notice Mr. Gordon's officials notified the running trades at North Bay, Nakina and Hornepayne that a new freight service there was going to be put in operation a new freight service that would require them to cover two divisions rather than one. These men arrived in Ottawa and asked their M.P's what they were going to do about this situation. The hon. member for Nickel Belt (Mr. Godin) and I, being the members of parliament involved, had great difficulty in receiving answers to questions which we asked the officials involved. We received standard responses such as: "It will take some while to consider these things".

I remember asking these railroaders from North Bay, Nakina and Hornepayne what their unions were going to do about this situation. They replied that there was nothing that could be done because this service was to be introduced very quickly. They asked me what I would advise them to do. I advised them to pull a wildcat strike. I told them that was the only thing to do in a situation like this. They did not have to pull a wildcat strike. All they had to do was to threaten to do so. The proposed change was postponed and a more satisfactory basis was worked out. I should like to inform hon. members why I advised these people to pull a wildcat strike. I advised them to do so because I felt it was the only way in which they could get the attention and action of the officials.

A proposed change such as the one I have described involves much more than just the railway. This change involved the community situation of towns such as North Bay, Nakina, and Hornepayne. Perhaps 20 or 30 families would be required to shift very quickly and arbitrarily in order to find work in this situation. Everyone would be prepared to make changes in jobs and in working conditions under certain circumstances. However, what happened last year when Mr. Gordon appeared before this sessional committee? Mr. Gordon assured us that in the future, as a result of the complaints of the hon. member for Kenora-Rainy River and other members of parliament, there would not be as drastic or as serious a change made in the Canadian National Railway which would have great effects upon the community without the community involved being taken into the confidence of the railway officials. What do we now find as a result of this assurance? We received nine days' notice of the change. That is the way in which the Canadian National Railway management appears to operate in carrying out the undertakings and promises that the president has made so readily before this parliamentary committee.

I hope other hon. members will join with me during the proceedings of this committee this year in pointing out to Mr. Gordon that it is felt he did not meet the challenge two

years ago, and in asking him why he should not be fired immediately. I feel that we shall have a most interesting committee this year. I feel that the members of parliament as members of that committee will not be bullied, browbeaten or pushed around by Mr. Gordon. I do not feel they have been so treated while I have been a member of that committee in spite of the interpretation that has been placed upon Mr. Gordon's activities before that committee in the past.

I should like to speak on another point that we have always found unsatisfactory. I am sure that there are other members as well as myself who are anxious to have the officials of the Canadian Pacific Railway appear before the committee. We have never been able to get from the officials of the Canadian National Railway an acceptable statement in regard to its co-operation with the Canadian Pacific Railway officials, something which, of course, is required under a statute which has appeared on the books for a long time. We are always put off with just a little information and the answer that the Canadian Pacific Railways officials do consult with the officials of the Canadian National Railway. There does exists a statute which instructs the Canadian National Railway officials to co-operate, to pool services and to make sincere efforts to get along. Mr. Gordon is never prepared to go so far as to say anything more than that this procedure does take place. We see little evidence of this pooling of services and co-operation. It is for these reasons that I should like to see Mr. Crump appear before this committee so that we could hear his side of the situation in regard to the relationship between the two railways in respect of co-operation. There is no kidding about the fact that Mr. Crump and Mr. Gordon are real buddies when they get together against the railway workers. This fact is shown in the speech that Mr. Gordon made to the industrial traffic league. This is ironical to members of parliament because there is a comparison of like with like. The unions are using a yardstick that the railways in one of their co-operative moments worked out.

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

Mr. Fisher: Yes.

Mr. Benidickson: Is it not possible that the hon. member might continue his speech another day when we resume this discussion? He seems to be advocating a monopolistic company and management. How many fewer employees does he think would be employed by the railway under that system? What bargaining rights worth anything would be in existence if the employer under this system was the state?

Mr. Fisher: I am much amazed by the Liberal-Labour member, the hon. member for Kenora-Rainy River. What good is competition when year after year the jobs become fewer? What good is competition when railway management cannot meet the obligations that a majority report suggests they should meet in relation to their employees?

Mr. Benidickson: I asked the hon. member how many fewer employees the hon. member for Port Arthur thinks there would be as a result of the amalgamation that he proposes under state ownership.

Mr. Deputy Speaker: Order. The hon. member does not have time to answer that question, it now being ten o'clock.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire what the business is for tomorrow and Wednesday?

Mr. Churchill: Tomorrow we will commence with item No. 15 on today's order paper, a resolution standing in the name of the Prime Minister referring to the Organization for Economic Co-operation and Development. That will be followed by a continuation of the debate on the budget resolutions. If those two items are completed tomorrow we will resume the debate on item 9 on today's order paper, a motion to set up the sessional committee on railways, air lines and shipping. The business for Wednesday is somewhat uncertain because I do not know what progress the house will make tomorrow. Any one of the three items I have mentioned may appear again on the business for Wednesday and possibly there will be a fourth item, namely Bill No. C-67, which is now ready for consideration by the house in committee of the whole.

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

Question

ANSWER TO QUESTION

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

PORTUGAL COVE-BELL ISLAND FERRY, NFLD.—LANDING FACILITIES

Question No. 109—**Mr. Tucker:**

What is the result of the investigation referred to by the Minister of Transport in his answer to starred question No. 20 on November 30, 1960?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

Existing terminal facilities for the ferry *John Guy* were found to be unsatisfactory. Temporary repairs and modifications of the terminals have been authorized at an estimated cost of $87,175 and work will be started immediately.

HOUSE OF COMMONS

Tuesday, February 28, 1961

The house met at 2.30 p.m.

RESEARCH

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. J. W. Murphy (Lambton West) presented the first report of the special committee on research, and moved that the report be concurred in.

Motion agreed to.

PUBLIC SERVICE

ANNOUNCEMENT OF APPOINTMENT OF DEPUTY MINISTER OF LABOUR

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish to announce the appointment of Mr. George Vickers Haythorne as deputy minister of labour. Mr. Haythorne has held the position of assistant deputy minister after a very distinguished scholastic career at the University of Alberta and Harvard University, from which he received a Ph.D. degree in economics. In addition, he has received certain fellowships and scholarships. He has had practical experience as secretary of the Nova Scotia economic council in Halifax from 1938 to 1942, and he was associated with the national selective service, Department of Labour. He was director of the agriculture, forestry and fisheries branch, and director of the economics and research branch up until 1953 for a period of five years. Since that date he has been assistant deputy minister of labour. He is well known for the various articles he has written on matters of economics and political science.

PRODUCTIVITY COUNCIL

ANNOUNCEMENT OF MEMBERSHIP

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have another announcement I wish to make having to do with the national productivity council. We have endeavoured to mobilize the best people available in Canada, in our opinion, so as to be sure that the council can carry out the heavy responsibilities which rest upon it.

As the house knows, there were to be representatives of industry and commerce, labour, the primary industries, the general public and the government. The chairman of the productivity council will be George De Young, president of Atlas Steels Limited of Welland, Ontario. Industry and commerce will be represented by N. R. Crump, president of the Canadian Pacific Railway, Montreal; Mr. George C. Metcalf, president of Loblaw Companies Limited, Toronto; E. P. Taylor, president, Argus Corporation, Toronto; Jean Raymond, president of Alphonse Raymond Company Limited, Montreal. In all these cases various other directorates are held.

Labour will be represented by Claude Jodoin, president of the Canadian Labour Congress; Marcel Pepin, secretary and technical advisor of the national metal trades federation, an affiliate of the confederation of national trade unions of Quebec, who lives in Quebec city; Arthur R. Gibbons, vice president and legislative representative in Canada of the brotherhood of locomotive firemen and engineers, Ottawa; Michael H. Nicols, Canadian vice president, international association of asbestos workers and president of the provincial building and construction trades council of Ontario, Toronto; John D. Carroll, international representative and assistant to Canadian vice president S. Finlay of the international brotherhood of boilermakers, iron shipbuilders, blacksmiths, forgers and helpers, a native of Moncton, New Brunswick, and at present having his office in the city of Toronto.

Agriculture will be represented by Dr. H. H. Hannam of the Canadian Federation of Agriculture; Rene Trepanier of Quebec, formerly deputy minister of agriculture in the province of Quebec; J. E. Brownlee, Q.C., chairman of the United Grain Growers, Winnipeg. Other representatives will be H. R. MacMillan, honorary chairman, MacMillan and Bloedel and Powell River Company Limited, Vancouver; W. H. Kirkpatrick, president, Consolidated Mining and Smelting Company, Montreal.

The general public representatives will be Miss Anna Speers, a businesswoman in Winnipeg; H. R. Milner of Edmonton, a director of a variety of corporations; Sidney Buckwold, mayor of Saskatoon, president of the Canadian federation of mayors and municipalities and also at present of the Saskatchewan municipalities association, a wholesaler who operates a number of wholesale distributing firms; A. Russell Harrington,

general manager, Nova Scotia Light and Power Company Limited, Halifax; J. F. Cauley, vice chairman, Ontario workmen's compensation board, Toronto.

The government representatives will be George Haythorne, deputy minister of labour; B. G. Barrow, assistant deputy minister, Department of Trade and Commerce; Dr. John Convey, director, mines branch, Department of Mines and Technical Surveys; Dr. A. H. Zimmerman, chairman, defence research board.

This productivity council will naturally be meeting quite regularly and, while every regard has been had to territorial representation, of necessity the representatives must be generally close to Ottawa. The executive director will be John Dickenson, Northern Electric Company, Montreal, an economist of outstanding reputation. This will be the membership of this body, and I am sure hon. members as a whole will appreciate the fact that every consideration has been given to assuring that those who serve will enjoy and do enjoy the confidence of their fellow Canadians and have a contribution to make in connection with this very important matter.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the Prime Minister has made two announcements of very considerable interest to the house. In so far as Mr. Haythorne's appointment as deputy minister of labour is concerned, may I merely say on behalf of the opposition that we welcome his appointment as a well merited promotion from inside the department. We are confident that he will discharge these very important duties in a satisfactory way as his predecessors in that office have done.

In so far as the council on productivity is concerned the announcement, for which we have been pressing the Prime Minister for some time, is an interesting one. It shows that the Prime Minister has been able to secure for this council a number of very distinguished Canadians, and very busy Canadians who have their own responsibilities in their own spheres of activity.

We on this side of the house, Mr. Speaker, have felt that the terms of reference of the productivity council are not wide enough to deal with the economic problems that are facing us; and it would have been preferable, we thought, to give the council at this time far wider terms of reference than have been given in the legislation establishing this body. We have pointed out also that this council is not, by its terms of reference, likely to be effective in dealing with economic problems—

Mr. Speaker: Order. I question whether the Leader of the Opposition is limiting himself, as he ought, to commenting upon the announcement when he refers to decisions the house has taken with respect to this legislation.

Mr. Pearson: Thank you, Mr. Speaker. However, within the terms of reference that have been given to the council, we agree that the Prime Minister has announced a list of very distinguished Canadians to assist in this important work. We hope that this work, and members associated with it, will be helpful to the economy of our country.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, when the productivity council is being set up we in this group make a point of the fact that, in our view, the council should have the right to make recommendations. Having said that, Mr. Speaker, I am at a loss to know why the government did not appoint personnel to this council who were likely to come to some more progressive conclusions than I think is likely to be the case with this council, which is so heavily weighted by representatives of big business interests. The resolution that was passed by this house, Mr. Speaker, provides for representation from business, but I think the government has bent over backward to select in the main from business interests people who represent the very wealthy in this country but are not in any way representative of general small business.

Mr. Speaker, as far as the representation from labour is concerned, it would seem to me at first glance that the government has weighted the representation on the side of what we might term craft unions rather than having a balanced representation as between craft and industrial unions. I wonder whether the government asked some of the main labour organizations to make recommendations, or whether the personnel were selected by the government arbitrarily, without any consultation, and merely with the consent perhaps of the people who today have been—

Mr. Speaker: Order. The hon. member will find in the debate an opportunity to discuss in detail the constitution of the committee. If he pursues the line he is pursuing now and makes inquiry or raises questions about the course followed by the government in selecting its nominees, then he will not find himself in a position to object if some answer is proposed to the question which he has raised. I suggest that anything of a controversial nature by way of comment should be reserved for the time of debate, because the practice of the house does not permit

debate at this stage. If controversial matters are raised and left unanswered it puts the party making a factual announcement in an invidious position.

Mr. Argue: Mr. Speaker, on the question you have raised, I think on reflection you would agree that it puts the opposition in an impossible position if all we can do is butter up the government when it makes an announcement. I have two or three brief points I wish to make in regard to the announcement.

Mr. Speaker: It is not my duty to tell the hon. member what he shall say, but I think I have made it clear that it is not appropriate in commenting on factual announcements by the government of names of its appointees to enter into controversial matters, because there is not supposed to be an opportunity to reply. There will be opportunities to debate the action of the government if it is not approved.

Mr. Argue: Mr. Speaker, on the general question of the announcement of appointments I have made my comments, at least on the part of the business group, and have raised a question about the method of the appointment of the labour people. As far as the agriculture representatives are concerned I would make the comment, Mr. Speaker, that I do feel, while I am making no objections to the people who have been appointed, that the people who have been enlisted to represent agriculture represent only a part of the agricultural movement, and that it will be impossible for them to bring to the committee the consensus of farmers in this country because of the particular people the Prime Minister has selected.

Mr. Speaker, we are glad the government is going forward with this proposal, but we are not satisfied that the government has obtained the best possible personnel, nor obtained them in the best possible way.

Mr. Diefenbaker: Mr. Speaker, once again the hon. gentleman has—

Mr. Martin (Essex East): On a point of order, Mr. Speaker—

Mr. Diefenbaker: Mr. Speaker, I have risen—

An hon. Member: The Prime Minister is speaking on a point of order.

Mr. Speaker: I do not know how a point of order has yet arisen, but if the hon. member has a point of order of course I shall hear him.

Mr. Martin (Essex East): My point of order arises this way. If the hon. member for Assiniboia is not to be allowed to comment on the statement—

An hon. Member: He did.

Mr. Martin (Essex East): —then no one should be allowed to make a reply. The Prime Minister may feel chagrined because of what has been said, but that does not justify this kind of action.

Mr. Diefenbaker: Mr. Speaker, it is not a question of being chagrined. It is interesting to see the hon. member always coming to the help of those to his right.

Mr. Martin (Essex East): I always help the weak.

Mr. Speaker: Order. I can see the Prime Minister rising. I am not sure whether it is on a point of order or a matter of privilege. The Prime Minister knows, as I have indicated, that this is not the time for debate on issues raised by his statement.

In my opinion the hon. member for Assiniboia did go beyond the realm of appropriate comment, but I would hope the Prime Minister would not feel that it was necessary to reply, unless some erroneous construction has been put on his announcement. In that event I should think the house would consider it appropriate to permit the Prime Minister to correct, as any hon. member is permitted to correct a wrong construction which has been put on something he has said. But I should say to the Prime Minister before he proceeds, this seems to me to be the limit of what can be properly done within our practice.

Mr. Diefenbaker: Mr. Speaker, I adhered closely in the announcement to what I am privileged to do and what every hon. member of this house is privileged to do, but when an hon. member chooses, under the guise of referring to what has been said, to make observations that cannot be accepted, I have the right, sir, to reply to those observations that were extraneous.

Some hon. Members: No.

Mr. Diefenbaker: No. 1 is the fact that strong criticism is made by the hon. member of the labour representation. The head of the C.L.C., who is not completely dissociated from the hon. member, was appointed. In agriculture we have Dr. H. H. Hannam, who is the head of the Canadian Federation of Agriculture. That speaks for itself.

Mr. Speaker: Order. I am afraid the remarks of the Prime Minister do not come within the limitations which I expressed, but are rather a controversial reply to a question which I agree should not have been raised and which I curtailed when its impropriety became clear.

Inquiries of the Ministry

BRIDGES

INTERPROVINCIAL BRIDGE, OTTAWA—ANNOUNCEMENT OF NAME

On the orders of the day:

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I have a short statement to make. With the consent of Ontario, Quebec, Ottawa and Hull, the new bridge to be built across the Ottawa river referred to in the house yesterday will be called the Macdonald-Cartier bridge, in honour of two of the great fathers of confederation, Sir John A. Macdonald, Canada's first prime minister, and Sir Georges Etienne Cartier, French Canada's outstanding leader.

While I am on my feet, Mr. Speaker, may I take this opportunity of adding that Quebec was brought into agreement for the first time on participation in the financing of the bridge by the government of former Premier Barrette.

HOUSING

LOANS FOR UNIVERSITY DORMITORIES AND MUNICIPAL SEWAGE PLANTS

On the orders of the day:

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I have been asked to make a statement on loans for university dormitories and municipal sewage treatment projects. Last December the scope of the National Housing Act was broadened to include two entirely new concepts of federal government lending. Hon. members will recall that the amendments empowered Central Mortgage and Housing Corporation with the approval of the governor in council to make long term, low interest loans to Canadian universities to assist in providing resident student accommodation, and to municipalities to aid in the construction or expansion of municipal sewage treatment projects.

Many universities and municipalities have responded promptly and with enthusiasm to the new legislation. Each loan approved, of course, is another tangible and concrete contribution to the relief of unemployment and, for this reason, I know the house will wish me to report on progress.

First, the universities. Two loans in an aggregate amount of $2,238,000 to provide accommodation for 488 students have already been approved, to Brandon College for 152 students and to the University of British Columbia for 336 students.

Mr. Martin (Essex East): Mr. Speaker, I rise on a point of order.

Mr. Walker: Yes?

Mr. Martin (Essex East): Is it permissible on motions, Mr. Speaker, for a minister to associate with an announcement of some development of policy a progress report which is nothing more than an apologia for this apathetic government? Is that what we are to have?

Mr. Speaker: The hon. member has characterized this statement. At the moment I had not come to a conclusion of that kind. Since the question is asked, I may say that it is not proper to rise to make a statement of fact of a statistical character unless it is of sufficient importance to be brought to the attention of the house in this manner. The house frequently requires that announcements of important appointments or actions of the government be communicated to it in the house and I assume that is what the minister is proceeding with.

Mr. Walker: In answer to my hon. friend, Mr. Speaker, I thought the opposition was vitally interested in remedies for unemployment and it is for this reason that this statement has been prepared.

Mr. Martin (Essex East): We are not interested in your defence for doing nothing about it.

Mr. Walker: There is no defence in this statement. This speaks for itself.

Mr. Pickersgill: Exhibitionism.

Mr. Walker: To continue, Mr. Speaker, the corporation also has under consideration applications for 12 loans in an amount of very close to $10.5 million which, if approved, will provide living quarters for nearly 2,500 students. There have also been another ten active inquiries.

In our efforts to assist in preventing water and soil pollution, three loans for nearly $8.9 million have been approved for treatment plants and interceptor sewers in greater Vancouver, Peterborough and Fort William. In addition, 14 applications for loans in an aggregate amount of some $12.7 million are now being reviewed. These relate to both sewage treatment plants and collector sewers in centres in British Columbia, Saskatchewan, Ontario and Quebec. By far the largest of these is the loan sought by the city of Ottawa, in an amount of more than $9 million. Furthermore, the corporation has received inquiries from 145 other municipalities and, of these, 72 have given us an indication of how much they wish to borrow; the figure is nearly $63 million.

The active interest of universities and municipalities in the new loans is, I submit, further evidence that the legislation sponsored by the government and unanimously passed by parliament in December is both practical and effective, and is already providing many new employment opportunities.

Hon. L. B. Pearson (Leader of the Opposition): Surely, Mr. Speaker, this is the kind of announcement which should be made when we are in committee of supply. The minister has used the procedure of motions to make an announcement which is contentious, incomplete and controversial, and Your Honour has suggested that on this procedure of motions we on this side of the house are not in a position to reply as we feel we should be able to reply to this kind of statement.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. The Leader of the Opposition is quite within the rules in making his point of order, and I trust the house will hear it completed.

Mr. Pearson: If I may be permitted to continue, Mr. Speaker, we on this side of the house consider that this use of the procedure for motions is an abuse of the custom and the rules. The practice in this house should not be so abused.

Mr. Benidickson: This is quite new.

Mr. Speaker: I take it that the minister has completed his statement. If the hon. gentleman had continued in the vein of his last sentence I would have intervened myself, because it did occur to me that there he was making a point of debate rather than disclosing a decision of policy or action of the government.

As I endeavoured to say earlier, the rule which applies to the making of statements and comment thereon is the same for both sides of the house. If it is to be enforced it will have to be enforced on both sides and due regard had to the fact that any controversial or partisan statement will inevitably provoke a response of that kind.

The rules do not provide for debate at this stage of our proceedings, and I must ask the co-operation of both sides of the house to prevent debate. I have no knowledge of the statements which are to be made; therefore I must rely on the ministers who rise to make statements to keep them within the rules. I have no knowledge of what comment is forthcoming, and must do my best to keep it within what I think is a rather difficult line to draw but which nevertheless is a line which must be drawn.

Having said that, I trust that hon. members on both sides will use their best judgment so that this stage of routine proceedings can be used for the purpose for which it is designed, namely to permit the government to make important announcements to the house before they are made to the public. I stress "important" because it is obviously not intended that the time of the house should be taken up in announcing statistical advances of the departments in pursuance of legislation which the house has passed unless such announcements are of considerable urgency and significance.

Mr. Walker: I thank hon. members for the applause which greeted me when I rose in my place, Mr. Speaker. I simply wanted to say that I got this procedure from perusing *Hansard* for that period when the Liberals were in power.

COMMONWEALTH CONFERENCE

INQUIRY AS TO AGENDA AND CANADIAN PERSONNEL

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister, prior to his departure for London, whether he could indicate to the house in a general way, of course, the nature of the subjects which are likely to be discussed at the prime ministers' conference, and also the names of those whom he will be taking with him to that conference.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the hon. gentleman knows it has never been the practice to announce the agenda in advance. I believe that course has been followed fairly generally throughout the years.

With respect to the second portion of the hon. member's question, I will have an announcement to make on that subject either tomorrow or the day after.

NATIONAL DEFENCE

PETAWAWA—REPORTED CONSTRUCTION OF GOLF COURSE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to ask the Minister of National Defence if he would care to comment on a report which has interested many people, to the effect that a golf course is being built at the army base at Petawawa and that military equipment and the funds of the department are being used for this purpose.

Mr. Speaker: Has notice of this question been given?

Mr. Winch: Yes.

Mr. Speaker: I think the question is one that would more appropriately be raised on the estimates. If the minister wishes to deal with it, of course, he may.

Mr. Winch: This is supposed to be under way now; and that is why it is important at this time.

Inquiries of the Ministry

Hon. D. S. Harkness (Minister of National Defence): I am prepared to deal with the question if it is permissible. As part of the recreational facilities at Camp Petawawa, authority was given in March, 1957, to construct a golf course. Work has been proceeding since that date and the course is partially completed.

In so far as public funds are concerned, the authority given in March, 1957 involved the provision of $6,000 in cash, the use of one surplus building, the use of land and the provision of some equipment at no direct expense to the public in terms of pay and wages and in such a way as not to interfere with training or administration. In addition, expenditures on power, heat and water would be met from public funds.

The following have been or are being provided from non-public sources: all labour and material, except the $6,000 already mentioned, to an estimated total value of $61,000, and all equipment, labour and equipment necessary for the subsequent maintenance of the golf course except for power, heat and water.

Generally I may say that since the inception of the Canadian forces it has been the policy to provide recreational facilities. This has particularly taken the form of football fields, baseball diamonds, skating rinks and things of that sort. In nearly all instances the expenses were met entirely by public funds. During later years there has been a policy of encouraging units, particularly those in the more remote areas, to engage in as great a program of self-help in the provision of recreational facilities as possible, and this is one example of that type of policy being worked out.

CHURCHILL, MAN.—REPORTED LOSS BY FIRE AT ROCKET BASE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of National Defence. A Manitoba radio station carried a story this morning that there had been a serious fire at the rocket base at Churchill, involving a loss in the neighbourhood of a million dollars. If this is a fact, has the minister any statement to make in connection with it?

Hon. D. S. Harkness (Minister of National Defence): I regret to inform the house that there was a fire at the rocket launching site 15 miles east of Fort Churchill which occurred last night at 30 minutes past midnight. The cause of the fire has not yet been established; the damage to the building and the contents whilst extensive, has not been established either, and any guesses along the lines that apparently appeared in the radio dispatch I think would have no real foundation in fact.

[Mr. Winch.]

HOUSE OF COMMONS

CONGRATULATIONS TO HON. MEMBER FOR CARIBOO ON BIRTHDAY ANNIVERSAIRY

On the orders of the day:

Mr. William Anderson (Waterloo South): Mr. Speaker, I rise on a question of privilege, one of interest to every hon. member of this house and especially to the Minister of National Health and Welfare, as it affects the estimates of his department.

Is the minister aware of the fact that our esteemed colleague the hon. member for Cariboo (Mr. Henderson) is today celebrating his seventieth birthday and from now on, as a token of the esteem in which he is held by all hon. members, the government of Canada will honour him with a monthly cheque?

Here's to the man from Dawson Creek
Who never fails his piece to speak.
To boost his riding of Cariboo
And heckle his C.C.F. friend Argue.
He's very sharp in his attack
And seldom do they answer back.
Because they know that if they do,
They'll get a blast from Cariboo.
I hope in the future he'll ease his tension
As from now on he'll get the pension
To spend it wisely and not be caught
On Clayt. Hodgson's tips at the old Connaught.

HEALTH AND WELFARE

ROYAL COMMISSION—INQUIRY AS TO PERSONNEL

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Prime Minister a question. Although we on this side of the house believe that the government itself should undertake a direct program in the matter of medical care insurance—

Some hon. Members: Question.

Mr. Speaker: Order.

Mr. Martin (Essex East): I am sure the Prime Minister has not heard what I said because of the volubility of his colleagues.

Mr. Speaker: Order. May I remind the hon. member that his question might—

Mr. Martin (Essex East): The Prime Minister said he missed it, and I repeat it.

Mr. Speaker: Perhaps I should interpose. If the hon. member for Essex East had not put his argument before his question the Prime Minister might have been able to hear his question.

Mr. Martin (Essex East): Mr. Speaker, your last remark causes me to observe that you know that I know better than that. In view of the fact that two months have elapsed since the announcement of government policy, may I ask the Prime Minister whether, before he leaves the country, he will announce the

personnel of the proposed royal commissions which I believe is unnecessary, to be set up to study the matter of medical care insurance?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the announcement will be made in due course. May I say to the hon. gentleman that following the meeting which was held here in January and some of the excessive promises which were made in this connection, I think a royal commission is necessary.

HARBOURS

VANCOUVER—REPORTED DELAY IN LOADING RUSSIAN GRAIN SHIP

On the orders of the day:

Mr. E. J. Broome (Vancouver South): Mr. Speaker, I should like to direct a question to the Minister of Transport. Has the minister's attention been drawn to a Canadian Press dispatch from Vancouver to the effect that the captain of a Russian vessel loading grain in the port of Vancouver has expressed his disgust with what he termed the ridiculous slowness of grain-loading facilities at Vancouver, and that it took 12 days to load a cargo of grain which he said could have been done in one or two days in Russia? If so, will the minister investigate these charges?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I had notice of a similar question from the hon. member for Vancouver East, and I think I will answer them both.

I am advised that loading the Russian ship *Tiksi* did consume a longer period of time than usual. Several factors contributed to this particular ship being in Vancouver 12 days in all. The *Tiksi* is a high, three-deck type of vessel not usually loaded with grain in Vancouver. Owing to its construction, the normal flow of grain was considerably reduced. The particular grades of wheat required to make up its full cargo of 10,345 tons necessitated a move from one elevator to another. A considerable portion of the grain had to be sacked, which is a time consuming operation. There were two other vessels taking grain at the berth where the *Tiksi* was completed, which left only two belts available for the Russian ship during this period. On one day, loading operations were suspended owing to a severe storm. The ship arrived in port during a busy week and was obliged to lay over a week end.

It is very unlikely that a similar situation will occur, and every effort is being made to give good service to shipping in Vancouver harbour.

Inquiries of the Ministry

TRADE

WHEAT—INQUIRY AS TO FURTHER SALES TO CHINA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Minister of Agriculture whether negotiations are being conducted at present with a view to further wheat sales to China?

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, I do not believe it is in the public interest to divulge all the activities of the Canadian wheat board in respect of additional sales to any of our particular customers. I think all I can say at the present time is that there is a mission in Hong Kong dealing with this subject.

WATER RESOURCES

WATER POLLUTION—INQUIRY AS TO PROTECTION OF GREAT LAKES

On the orders of the day:

Mr. W. H. McMillan (Welland): I should like to direct a question to the Secretary of State for External Affairs. Are there any regulations concerning the discharge of oil and other chemicals in all parts of the great lakes system? Is there any recent report from the international joint commission concerning sewage and other pollution of our international waterways?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. member for having given me notice of these two questions. The answer to the first one is that under the Canada Shipping Act the Department of Transport has drawn up regulations which concern the discharge of oil from ships in Canadian waters of the great lakes. Problems caused by pollution which originates from land in this area are considered by the Ontario water resources commission.

The answer to the second question is that the international joint commission's report of 1950 on the pollution of boundary waters contained recommendations to the two governments regarding the objectives of boundary water quality control. These recommendations have been accepted by the governments of Canada and the United States. In October, 1959 the international joint commission recommended that the same objectives for boundary water control contained in the 1950 report be adopted for the St. Croix river basin in Maine and New Brunswick. This recommendation is at present under study by the two governments. In May, 1960 the two governments requested the commission to report on the extent and causes of pollution in Rainy river and Lake of the Woods, and

to suggest appropriate remedies. An international board set up by the commission is carrying out field surveys and will report to the commission.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question. My recollection is that the recommendations by the international joint commission to which the minister has referred applied to international waters. Have these recommendations approved by the two governments been implemented?

Mr. Green: I will have to check into the matter further and let the hon. member have a reply at an early date.

Mr. J. W. Murphy (Lambton West): I should like to ask a supplementary question. Can the minister report to the house whether there has been any progress in the negotiations between the governments of Canada and the United States respecting the dumping of oil and sewage by ships using the great lakes system?

Mr. Green: This question involves not only the Department of External Affairs but also the Department of Transport, and we will have it looked into further.

DRUGS

REPORTED PREPARATION OF DRAFT QUALITY CONTROL REGULATIONS

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of National Health and Welfare. Has his attention been drawn to a recent news release by the Ontario retail pharmacists association, which has no specific date, which indicates that the food and drug directorate of the minister's department has prepared draft regulations to control effectively the quality of drugs in Canada, and that these draft regulations have been circulated to the industry? Would the minister care to comment on that report?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, draft regulations have been circulated to the industry. However, I have not seen the report, and I think I should like to examine it before giving a further direct reply.

Mr. Howard: Would the minister indicate whether or not these draft regulations can be made available to parliament?

Mr. Monteith (Perth): I am not sure what the procedure is. These regulations are accessible, and I presume that when they become final they will be available in the ordinary course of events.

[Mr. Green.]

BUSINESS OF THE HOUSE

REQUEST FOR LIST OF OUTSTANDING RETURNS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I could ask the Secretary of State to be good enough in the near future, as has been customary at this stage of the session, to provide hon. members with a list of orders for returns that have not yet been complied with.

Hon. Noel Dorion (Secretary of State): Surely, Mr. Speaker.

TRANS-CANADA HIGHWAY

BRITISH COLUMBIA—FEDERAL PARTICIPATION IN OPENING OF NEW LINK

On the orders of the day:

Mr. W. H. Payne (Coast-Capilano): I should like to direct a question to the Minister of Public Works, notice of which has been forwarded to him. Has the minister or his deputy been invited to be present at the opening ceremony in connection with the upper levels highway between the second narrows bridge and Taylor Way on March 4? Would the minister advise the house as to how much the government of Canada has obligated itself to pay for that part of the trans-Canada highway now completed—

Mr. Speaker: Order. I think the latter part of the question might very properly go on the order paper, as it seeks statistical information.

Mr. Payne: Would it be in order to have the minister answer the first part?

Hon. D. J. Walker (Minister of Public Works): The answer to the first part of the question, whether or not the minister or his deputy has been invited to the opening of this new link in the trans-Canada highway, is no.

Mr. E. J. Broome (Vancouver South): I should like to ask a supplementary question. Is it not true that the federal government paid 90 per cent of the cost of this project as part of the gap program?

Mr. Walker: On completion of the highway we will have paid over $100 million to British Columbia. We will have paid $2.9 million on this particular link and an additional $40 million with respect to that part of the road through the national parks in British Columbia.

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO PROTESTS AGAINST INTENDED LAY-OFFS

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): I should like to address a question to the Minister of Transport. Having regard to the fact that some of the lay-offs ordered by Canadian National Railways become effective tomorrow, are likely to be on a national basis, and may be in contravention of the Maintenance of Railway Operation Act, what steps has the minister taken to try to inform the house as to the situation in response to a question asked on February 21 by the hon. member for Assiniboia and a question asked yesterday by me?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I have followed the usual channel that has been followed by all my predecessors. I forwarded the information at once to the management of the C.N.R. and I am waiting for a report.

Mr. Hazen Argue (Assiniboia): I should like to ask a supplementary question. Has the minister made any request to the management of the C.N.R. that these personnel should be kept on the job?

Mr. Balcer: I made the usual request for a report on the situation, and as soon as I have the report I will act accordingly.

DOMINION-PROVINCIAL CONFERENCE

REQUEST FOR TABLING OF FEDERAL PROPOSAL

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Prime Minister whether he is in a position to table and have put on *Hansard* the document I asked for yesterday.

Right Hon. J. G. Diefenbaker (Prime Minister): I am, and I herewith table two copies in English and French.

Mr. Pickersgill: Would the Prime Minister ask for permission to have them put on *Hansard*? Would the Prime Minister ask the Speaker to have them made an appendix to *Hansard,* as there are a good many requests for the document?

Mr. Speaker: Is there a request before the house that these documents be made a part of the proceedings today?

Some hon. Members: Agreed.

Mr. Speaker: Is it agreed that the documents tabled by the Prime Minister shall be printed as an appendix to today's *Hansard*?

Economic Co-operation and Development

Some hon. Members: Agreed.

[*Editor's Note: For documents referred to above, see appendix.*]

TRADE

O.E.C.D.—APPROVAL OF CONVENTION AND RELATED AGREEMENTS

Right Hon. J. G. Diefenbaker (Prime Minister) moved:

That it is expedient that the houses of parliament do approve the convention on the organization for economic co-operation and development, supplementary protocol No. 1 to the convention on the organization for economic co-operation and development, supplementary protocol No. 2 to the convention on the organization for economic co-operation and development, and the memorandum of understanding on the application of article XV of the convention on the organization for economic co-operation and development, all of which were signed in Paris on December 14, 1960; and that this house do approve the above agreements.

He said: Mr. Speaker, this convention is a most important one and marks a tremendous step forward in the economic field. We are happy today to have present in the gallery of this house Mr. Torkil Kristensen, secretary general designate of O.E.C.D. He is a leader in his native Denmark and one of our most respected allies in the field of economic co-operation in NATO. He is here for the purpose of acquainting members of the government with some of the features of this convention in so far as implementation is concerned and the terms thereof.

It is intended, by the establishment of O.E.C.D., to assist in the sustained economic growth and expansion of multilateral trade on a non-discriminatory basis, to the end that economic equilibrium will be secured which will constitute a major contribution not only to the strength and welfare of each and all the member nations, but to the assurance that the countries participating shall remain economically strong and shall have regard to the effect of the policies of each on other member nations. The task of reconstruction in western Europe is essentially complete. It is important at this time, however, that regard be had to supplementing and strengthening rather than replacing existing organizations, while at the same time assuring that current international economic and trade policies shall be carried into effect within the limitations I have mentioned.

This organization, when established, will not take the place of other organizations such as the general agreement on tariffs and trade or the international monetary fund, but will provide a high degree of consultation, close association and co-operation which should be effective instruments for broad and continuing co-operation. It is particularly important that there shall be maintained the closest

consultation on all types of economic and financial policies, especially in connection with finding solutions to current international gold and foreign exchange reserve problems as well as in the other fields to which O.E.C.D. will apply.

The acceptance of this convention will recognize the growing interdependence of nations, and the fact that the better off nations shall contribute to the growth and prosperity of the world community. What I intend to do is simply traverse in a general way something of the field of O.E.C.D., leaving it to the Minister of Finance to deal at length with such portions of the convention as he may deem appropriate. He has taken a large part in bringing about the adherence of Canada to this organization. He was present with the present Minister of Veterans Affairs at Paris in January, 1960 when the general framework of this organization was laid. In July, 1960 he went by himself to attend these meetings on behalf of the Canadian government and, finally, was present at the signing of the convention in December, 1960. At that time, he was accompanied by the present Minister of Trade and Commerce. I am sure the house would expect me, as I most willingly do, to pay tribute particularly to the Minister of Finance for all he has done in order to enable the inclusion of Canada among the nations comprising this organization.

The convention provides for the establishment of the organization for economic co-operation and development and, as I said a moment ago, constitutes a great step forward for the countries of the Atlantic community. Indeed, it is no exaggeration to say that this is one of the most important agreements that have come before this house in recent years. One week ago yesterday I discussed this matter with President Kennedy in Washington, and I can say that he fully shares the view I have expressed as to the importance of this convention.

In order to grasp the significance of this development, one has to go back to the unprecedented offer of the United States in 1947 whereby the United States undertook to help European countries help themselves. The full extent of the material and social destruction wrought by war was only then becoming evident. In spite of large scale financial assistance already extended from both the United States and Canada, the European countries acting individually lacked the resources to import vitally needed food and new materials. On the political scene, the freedom and independence fought for at so great a cost seemed once again to be in serious jeopardy.

European statesmen moved rapidly in response to the offer to draw up a joint European recovery program and established an organization, the organization for European economic co-operation, designed to allocate United States aid and promote European economic development. In 1950 both Canada and the United States became associated with this organization with the status of associated countries.

All who have visited Europe have seen something of the phenomenal recovery of the European countries. Indeed, this recovery has been one of the most significant achievements in this era since the war. The extraordinary economic growth and development of the European countries fully attests to the high degree of economic co-operation achieved among themselves and with their partners on this side of the Atlantic, and is a tribute to the industry and imagination of not only the leaders of the several countries concerned but their peoples as well. Indeed, when one looks at the developments since the war and the degree to which ancestral enemies in Europe have become trusted friends—one sees the relationship between France and Germany, enemies for a hundred years—one begins to appreciate that indeed in this age we have seen changes that few could have contemplated or even imagined.

The restoration of external convertibility of major European currencies marked the end of the post-war period, and has underlined the fact that Europe is again in a position to contribute her full share to the solution of the wider economic issues facing the free world.

The accompanying development of the last decade has been the creation of regional groupings, the E.E.C. or common market composed of France, Germany, Italy, the Netherlands, Belgium and Luxembourg, and also the European free trade association composed of the United Kingdom, Norway, Denmark, Sweden, Portugal, Switzerland and Austria. The Canadian government has repeatedly emphasized its hope that these developments would not lead to any loss of traditional Canadian export markets in Europe; and while all the problems in this connection have not been solved, we believe that through close consultation with the European partners these problems will be solved and solved in a manner consistent with the maintenance of the growing interdependence among nations. We believe, and I think the house will agree, that a trade rift within Europe or between Europe and other western countries would be a matter of the greatest concern for all the free countries of the world.

Outside Europe there have also been rapid and significant developments, particularly in the less developed areas of the world. More and more we realize this fact, that there cannot be peace in the world with the peoples of the world half hungry or unpossessed of their minimum needs or lacking the opportunities of those of us who live in those parts of the world where the economies are strong and effective.

Many newly independent countries face the formidable task of raising the living standards of their peoples through economic development, they will not be able to do it by themselves. As the hon. member for Greenwood has so frequently said in this house, if we fail to realize their dependence on us we shall indeed reap a harvest in the years ahead which will not be in keeping with the opportunities that are ours. There is a challenge to the more prosperous countries to devise means, as the hon. gentleman has said so frequently in what I might describe as a crusade which he has undertaken, to encourage and assist those countries through aid and trade policies.

The decision to establish a new framework of economic co-operation including Canada and United States reflects the fact that the purely European goals of the O.E.E.C. has been largely realized. We now face the 1960's. If we are to meet the challenges of this decade I believe that the co-operating countries must forge new and stronger links with each other, and in the preparatory discussions in Paris there was recognition of the need of a new framework for co-operation which would reflect the needs of this decade. While the European economies are now prosperous and largely free of trade controls and restrictions, there are compelling reasons to reaffirm interdependence through concrete co-operation and to realize the fact, as I said earlier, that economic maladjustment whether in Europe or in North America is necessarily of common concern and importance to the western countries on either side of the Atlantic.

All these challenges that we face are well expressed in the three basic goals of the new organization. They are, to achieve the highest sustainable economic growth and employment and a rising standard of living of member countries while maintaining financial stability and thus to contribute to the development of the world economy. Next, to contribute to sound economic expansion in member as well as non-member countries in the process of economic development; and finally, to contribute to the expansion in world trade on a multilateral non-discriminatory basis in accordance with international obligations.

The O.E.C.D. will not provide ready made solutions to these questions or a solution to the trade problems arising through the establishment of the two European regional economic groupings, but the historic significance of what is being done reflects the decision of the free countries on both sides of the north Atlantic to join together and co-operate closely in working out solutions to these problems for their own benefit and for the benefit of other countries throughout the world. The O.E.C.D. has value for Canada and is of special significance to Canada. It brings together countries of the Atlantic area, countries with which we have had historical, political, cultural and economic ties at a time when the traditional pattern of western economic and commercial relationships was undergoing profound and rapid changes. I think I can go further than that and say that I expect that in time other European countries will become associated in the co-operative work of the O.E.C.D.

I might digress for a moment and say something of the organization and of the protocols referred to in the resolution. The convention will come into effect following ratification. That is provided for in the agreement, which says that the convention will come into effect before the 30th September, 1961, upon the deposit of instruments of ratification or acceptance by all the signatories; or on the same date if by that date 15 signatories or more have deposited such instruments as regards those signatories; and after that date, but not later than two years from the signature of this convention, upon the deposit of such instruments by 15 signatories, as regards those signatories.

Some indication as to the comprehensiveness of the membership of the organization is shown by simply reading the list of countries participating: Austria, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States of America. That is a comprehensive list of powers generally devoted to the preservation of individual liberty and the increase of general well-being.

The manner in which the objectives will be attained is contained in article 3, which reads as follows:

> With a view to achieving the aims set out in article 1 ... the members agree that they will:
>
> (a) keep each other informed and furnish the organization with the information necessary for the accomplishment of its tasks;
>
> (b) consult together on a continuing basis, carry out studies and participate in agreed projects; and
>
> (c) co-operate closely and where appropriate take co-ordinated action.

Economic Co-operation and Development

There is also provision for aid to developing countries, which it is realized demands the support of all countries rather than being restricted to a few countries, as is often the case. The question as to the structure of the various committees will be dealt with by the Minister of Finance. There is, however, one committee to which I intend to make reference. That is the agriculture and fisheries committee, which is of particular interest to primary industries in Canada.

The provision respecting this economic field provides that there shall be consultations on agricultural, food and fishery policies with a view to promoting the harmonious development of these policies among member countries; that there shall be an examination of the over-all situation of agriculture and fisheries in member countries and of the prospects, including examination of the trend of supply and demand; studies of the possibilities for improving the marketing and distribution of these products with a view to determining measures which could be adopted nationally and internationally; surveys of the market situation for the main agricultural and fisheries products; and formulation in co-operation of proposals for remedial measures in the event of market difficulties; and generally assistance in the agricultural field to the economic, trade, and technical activities of the other bodies of the organization; the promotion of a better use of production factors and of technical progress in the sectors of agriculture and fisheries.

That is a most important section and one that has very great importance economically to Canada, as it has to other countries. The Minister of Finance will deal with the negotiations that took place and generally with the technical fields with which he has been so intimately connected.

I now wish to say a word with regard to the operation of O.E.C.D. in the economic field. I do not take this convention as one that will substitute action for the provisions of the North Atlantic Treaty Organization, article II, with reference to economics. Article II reads as follows:

> The parties will contribute towards the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding on the principles upon which these institutions are founded, and by promoting conditions of stabilization and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

I said this organization would not be a substitute for article II of NATO, but I believe that the nations comprising NATO, having failed to implement by action article II, have left for this organization a large field of economic collaboration. I also believe that O.E.C.D. will carry out, in the main, the hopes of the nations which are signatories to the NATO agreement in the field of economic development, co-operation and collaboration.

This government contends that the organization will help to safeguard the vital trade interests of Canada and ensure that they will be fully taken into account by member countries as those member countries develop their respective policies. We expect that the activities of the new organization will supplement and reinforce the work of the other international arrangements, as I said earlier, including the United Nations specialized agencies.

The O.E.C.D. will require broad support, not only from governments but from the peoples of the member countries and, in particular, from both management and labour. Some consideration is being given to arrangements which would provide for some form of parliamentary association being set up in connection with the new organization which would serve to make the purposes and activities of the organization more widely known.

As one of those who advocated the setting up of the NATO parliamentary association, I believe that a similar body, not in the nature of one that recommends the adoption of policy but rather in the nature of an inquiring organization, would do much to increase the knowledge not only of the participating members of parliament belonging to such an organization but the Canadian people as a whole. My hope is that the O.E.C.D. will become an enduring association. It cannot do so unless there is on the part of all member countries a willingness to make their full contribution through co-operation and consultation in order to ensure the effective use of their respective capacities and potentialities.

I have read the debates of one of the parliamentary institutions of a nation that is giving consideration to this convention and I know that concern and fears have been expressed regarding some of its provisions. I do not share those fears or that concern. I believe that through the establishment of O.E.C.D. the countries of Europe and of North America will be serving notice of their right to co-operate among themselves and with others in order to attain the economic betterment of themselves and of all other nations.

I am seeking the approval of the house for this convention believing that its approval will mean that Canada will give full support to this organization. Our approval will constitute a declaration by Canadians that they intend to contribute to the best of their abilities and capacities to the achievement of its basic purposes.

I mentioned earlier that I discussed this organization with Mr. Kristensen. I was deeply

impressed by his dedication to its principles and his realization of the need for co-operation. Today there are signs, as there have been in the last several years, of some weakening in the NATO organization. The nations comprising the North Atlantic Treaty Organization must not permit that thing to take place for any weakening of the organization or of any of its member nations will inevitably lead to the danger of attack and will diminish the certainty of survival.

On the other hand, this organization has principles which are founded on co-operation in the economic field and, if its full implications are lived up to it will so strengthen the economies of each of the member nations as to assure the economic strength of all of us. Thereby it will make a contribution to the maintenance of peace not only among the member nations but throughout the world. I ask the house to give its support to this motion.

Canada since 1945 has demonstrated its belief in the basic principles upon which O.E.C.D. is founded. Canada believes that this organization will help to prevent the break-up of Europe into competitive trade groups or blocs, a potential danger that can only lead to a great and real danger in the future.

Canada also believes that O.E.C.D. will bring together not only the nations of NATO but also the members of the Six and the Seven and will foster good relations between Canada and the United States on the continent of North America in the economic field. While history shows that many of the wars that have taken place have been the consequence of economic competition, this organization is designed to remove the danger of that possibility and to bring about a new unity among nations whose economic strength, when exercised in unity with full respect for the sovereignty of the member nations, can assure that mankind itself and people everywhere will see new economic vistas achieved in their time and generation and thereby the removal of a major cause of potential war. I ask the house to give support to this motion.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I rise on a point of order. The Prime Minister (Mr. Diefenbaker) indicated that he would introduce this resolution in a preliminary way, as he has done, and that the Minister of Finance (Mr. Fleming) would follow with a more detailed explanation and statement of the case for approval. If the minister would prefer to follow now upon the Prime Minister, that procedure would be quite agreeable to this side of the house and would complete the case for approval.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, in the light of the remarks of the Leader of the Opposition (Mr. Pearson) I shall be glad now to take the opportunity to follow the Prime Minister (Mr. Diefenbaker) and of enlarging upon some of the aspects of the organization for economic co-operation and development which have been the subject of the Prime Minister's remarks.

On previous occasions I have reported to the house in some detail on the steps taken over the past 13 months which led to the signing of the O.E.C.D. convention by ministers of the 20 countries concerned in Paris in December. I do not propose to review this ground further. The statements are to be found in *Hansard* of last session.

I should like to say, however, that the successful conclusion of these negotiations in a relatively brief period of time was a significant achievement. It could not have been accomplished without sustained and devoted effort by all those concerned. The representatives of all countries approached the difficult task of reconstituting the O.E.E.C. in a spirit of co-operation that augurs well for the future success of the organization. With this spirit and sense of purpose, I have every confidence that the O.E.C.D. will realize the high aims to which it is committed.

What are these aims? Briefly stated, they are threefold: first, to achieve the highest sustainable economic growth in member countries while maintaining financial stability and thus to contribute to the development of the world economy; second, to contribute to the economic development of less developed countries by increasing and improving the flow of capital and technical assistance; third, to promote the expansion of world trade on a multilateral non-discriminatory basis.

The first of these aims is fundamental. The other two cannot be achieved if the first is not achieved. Sustained economic growth including high levels of employment of resources, monetary stability and equilibrium in international payments are major objectives of economic policy in all countries. If we in the western industrial countries are to achieve a more abundant life in freedom, both for ourselves and for the newly developing areas in the world, we must grow. On such growth depends our ability to raise our own living standards, to give assistance to others and to provide markets for the fruitful expansion of international trade.

The desirability of strong and vigorous growth is self-evident. What perhaps is not so apparent is that it has become increasingly difficult to achieve such growth by unilateral action. Progress made in liberalization of

trade and payments since the war and the introduction of convertibility of the major European currencies in the last two years have led to a growing interdependence of the various national economies. They have become more sensitive to changes in world trends and to measures taken in other countries. There are now important limitations on the action which individual countries can allow themselves to take without regard to the external repercussions of their decisions. There are also limitations on the effectiveness of action that any individual country may take in isolation. The program just announced by the President of the United States for improving the United States balance of payments provides a striking illustration of this interdependence. The success of this program will depend to a considerable degree on the extent to which the major western European countries pursue compatible policies. There is thus a clear need for co-operation in economic policy if we are to experience sustained and growing prosperity without sacrificing financial stability.

It is in this context that the O.E.C.D. is likely to prove particularly valuable. It will provide a forum for regular and continuing consultation and review of the economic and financial situation in member countries and the policies pursued by member governments. Special attention will be paid to the international effects of national policies. For this purpose the O.E.C.D. will have two committees, namely the economic policy committee and the economic and development review committee. The economic policy committee will keep under review the economic and financial situation of member countries with a view to attaining the objectives of the convention. It is intended that its sessions be attended by senior officials from national capitals who are intimately familiar with the formulation of economic policies in their own countries. Canada participated in a similar committee in the O.E.E.C. and found it valuable. We believe it will be increasingly useful in the years ahead and that those consultations and discussions will prove to be the central part of the activities of the new organization. If these consultations are to be fruitful, members must have clear knowledge of the problems faced by one another and the techniques used to deal with them. Accordingly, it has been decided to establish an economic and development review committee to hold annual detailed examinations of the economic situation of member countries. In this committee member states will obtain the raw material, so to speak, as well as the understanding required for effective consultation about broad policies.

The O.E.C.D. will also have an important role to play in contributing to the expansion of the economies of the less developed countries. The vast majority of the world's peoples live under the bondage of a grinding poverty from which they are determined to free themselves. The extent to which they succeed may well prove vital to the future peace and well-being of all mankind. If the free industrialized countries are to be true to the highest values of their civilization, as well as to their own economic and political interests, they must assist in this great endeavour.

Their acceptance of this responsibility has already been demonstrated by their participation in the economic assistance program of the United Nations, the international bank for reconstruction and development, the international finance corporation and the international development association as well as through programs such as the Colombo plan. Let me emphasize that the O.E.C.D. will not in any sense replace or weaken these existing agencies and programs. Its main function in the field of aid will be to provide an informal forum in which aid programs and policies can be discussed frankly and be made more effective. In this way we hope it will stimulate an increased flow of aid to developing areas as well as help to ensure that existing resources are used more effectively. It will not, however, establish and administer aid programs of its own. It will not limit or change the nature of Canada's existing programs, such as the Colombo plan, nor will it involve any Canadian obligation to provide additional assistance.

The main body for consultations on aid programs will be the development assistance committee, sometimes called DAG. This committee will take over the functions and characteristics of the development assistance group which was formed early in 1960, and which has already had three meetings.

The development assistance committee will be concerned with methods of providing assistance to non-member countries. The problems of the less developed member countries will be the concern of two other subsidiary bodies. The O.E.E.C. is already engaged in useful programs of technical assistance in less developed member countries, particularly Greece and Turkey. It is expected that these programs will be continued under the aegis of the technical assistance committee. In addition, the development programs of members in the process of development will be discussed in the economic and development review committee.

The extent to which the O.E.C.D. will succeed in stimulating economic growth and in providing increased assistance to developing

areas will depend to a significant degree on the maintenance and continued vigorous growth of international trade. This fact is recognized in the organization's third major aim, which is to contribute to the expansion of world trade on a multilateral non-discriminatory basis in accordance with international obligations. The words "in accordance with international obligations" make it clear that membership in the O.E.C.D. in no way subtracts from the obligations which participating countries have assumed through their adherence to GATT and their membership in the international monetary fund. The purpose of discussions in the O.E.C.D. will be to strengthen the effectiveness of these more broadly based institutions and to promote the fulfilment of their objectives. I think it important to stress the nature of this relationship for two reasons. First, it is only by supporting the authority of GATT and the I.M.F. and collaborating with them that the O.E.C.D. will be able to realize its aims in the field of trade and payments. Second, I should like to allay any apprehensions among non-participating countries that the industrial countries of Europe and North America intend to concentrate on their own affairs at the expense of other countries.

From what I have said it follows that the organization's function in the field of trade will be essentially consultative. It has been agreed that much of the earlier activity of the O.E.E.C. in the field of trade, which was based upon a regional approach to European reconstruction, is no longer appropriate and will be discontinued. It is not intended that O.E.C.D. will establish or administer new trade rules. The proposed trade committee will be used for frank discussions of general trade policies and practices, for the examination of specific trade problems primarily of interest to members and their overseas territories and for the consideration of any outstanding short and long term problems between the six countries of the European economic community and the seven countries of the European free trade area association. Within these terms of reference it is hoped that any member country may obtain prompt consideration and discussion by the trade committee of trade measures by another member which may adversely affect its interest, with a view to removing or minimizing such adverse effects. In establishing these terms of reference account has been taken of the interests of outside countries and arrangements will be made for attendance of representatives of the GATT at meetings of the trade committee.

One task of the trade committee may be to consider the problems created by the formation of the two regional trading groups in western Europe. Some work has already been done in this field by the committee on trade problems which was set up on a temporary basis at the Paris meetings in January, 1960. Its work will be taken over by the O.E.C.D. Canada clearly has an important interest in the policies of these two groups and in the nature of any accommodation which may ultimately be reached between them.

The broad activities I have mentioned in the fields of economic policy consultations, aid and trade will be the main preoccupations of the new organization. In addition there will be a series of committees to handle work in more specific fields. There will be an agriculture committee, whose work we hope will be closely integrated with that of other bodies within the organization, to consider agricultural problems and policies pertinent to the organization's objectives. A similar committee will be established to deal with fisheries problems. The organization will also have subsidiary bodies with responsibilities in the field of science and technology. Their task will be to stimulate member countries to increase and to use more efficiently their scientific manpower, and their training and research facilities. The organization is expected to fulfil this role by acting as a clearing house for information and experience and by means of consultations, conferences and the provision of fellowships.

Provision has also been made for co-operation among member states in a number of other fields including tourism, manpower, maritime transport, energy and industry. The European nuclear energy agency, in which members of the O.E.E.C. co-operated in the development of the peaceful uses of nuclear energy, will be retained in its present form. Canada and the United States are to retain their present status as associate members. The European productivity agency of the O.E.E.C. is to be dissolved. Its responsibilities in the fields of science and technical assistance will be transferred to other bodies. Decisions with respect to the continuance of other activities of the E.P.A. will be taken during the coming year.

This then, Mr. Speaker, is an outline of the work on which the O.E.C.D. proposes to engage. I should like to turn now to the provisions of the convention which set forth how the organization is to govern itself in carrying out its manifold tasks.

A council composed of all members will be the supreme body, meeting either at the level of ministers or of permanent representatives. It is authorized to establish an executive committee and such other subsidiary bodies as may be required for the achievement of the organization's aims. There will be an

international secretariat headed by a secretary general. He has been given considerable powers and authority. He will serve as chairman of the council when it meets at the level of permanent representatives and he may submit proposals to council or to any other body of the organization. He will be responsible only to council. As the Prime Minister (Mr. Diefenbaker) has told the house today, Professor Torkil Kristensen of Denmark has been selected to fill this extremely important post. Professor Kristensen is a former finance minister of Denmark and has a very distinguished political and administrative background.

Mr. Martin (Essex East): An excellent man.

Mr. Fleming (Eglinton): He has already proved his mettle as chairman of the O.E.C.D. preparatory committee which he guided through the arduous and complicated negotiations which preceded signature of the convention. It has been a great joy to the government and all others who have been conferring with Professor Kristensen and his colleagues during the past two days that it has been possible for him and them to pay this present visit to Canada.

To achieve its aims the organization may take decisions binding on all members and make recommendations to members. It will not be able to do so, however, without unanimous agreement. In other words, each member has the power of veto. A member may abstain from voting on a particular decision or recommendation and if it does so that decision or recommendation will not apply to it. It is clear therefore that the organization cannot take action respecting a member without the consent of that member.

There will doubtless be some situations in which it would be desirable for the organization to use its power of decision and recommendation. At the same time I believe it would be wise to do so sparingly. To achieve its major objectives it must rely on action on the part of the individual governments. Governments are more likely to be influenced through the process of discussion itself, in the economic policy committee and other committees, than through the mere formality of a council decision or recommendation.

The last provision of the convention which I should like to discuss is article 15 and the related memorandum of understanding on its application. Under the provisions of this article all acts of the O.E.E.C. council, including decisions, recommendations and resolutions, will lapse, except those which the council of the successor organization decides to carry over. The acts of the O.E.E.C. were examined in the O.E.C.D. preparatory committee in order to determine which should be recommended for retention by the O.E.C.D. with modifications, where necessary, in order to adapt them to the functions of the new organization. Several member countries wished to have reasonable assurance that the recommendations of the preparatory committee would in fact be endorsed by the O.E.C.D. council. A memorandum of understanding to ensure this result was drawn up at their request.

Mr. Martin (Essex East): Did Canada have a representative on the preparatory committee?

Mr. Fleming (Eglinton): Yes.

Mr. Martin (Essex East): Who was the representative?

Mr. Fleming (Eglinton): Attendance was chiefly in the hands of Mr. Peter Towe. Mr. Jules Leger was, of course, associated with the representation of Canada in this regard until his illness, and following his illness he was very capably represented by Mr. Peter Towe. Having had some opportunity myself of observing the quality of the work done by Mr. Peter Towe in representing Canada at Paris in this regard, it gives me much pleasure to pay tribute to the excellence of the work he performed.

I said that a memorandum of understanding to ensure what I have referred to as an assurance that the recommendations of the preparatory committee would in fact be endorsed by the O.E.C.D. council was drawn up at the request of several countries. Under it members of the O.E.E.C. are committed to voting for the recommendations of the preparatory committee when these are considered for approval in the O.E.C.D. council. However, Canada and the United States, which are not full members of the O.E.E.C., have been permitted a certain latitude in this respect. We will be released from voting for any recommended act which we specify in a notice to the preparatory committee not later than ten days after the deposit of our instrument of ratification of the convention.

Not all the acts which the preparatory committee has recommended for retention will apply to Canada. Some of them contain provisions which conflict with Canadian legislation or practice. In these cases we have stated that we either would not adhere or would adhere only with specific reservations. Most of the acts which will apply to us are decisions of a technical nature or are relatively unimportant recommendations which are not binding, but merely have to be taken into consideration, thus leaving leaving participat-

ing countries freedom of judgment as to the action that may be required. The review of the acts is not yet complete.

The convention I have described, Mr. Speaker, is a flexible instrument. It is designed to equip each of its members better for the challenging roles which await us. Just as in the past 12 years solutions were found through the O.E.E.C. to many problems confronting western Europe, so in the future 18 nations in Europe and two on the western side of the north Atlantic will seek solutions to their common problems through the O.E.C.D.

In the O.E.C.D. Canada and the other members have attested their mutual interest, their common purpose, their interdependence and the renewed vigour with which we shall pursue our declared economic goals. In all aspects of our work we shall be mindful of our responsibilities throughout the world.

To a greater extent than perhaps has ever been the case we live in one world. That world is full of dangers and difficulties. But it also holds great promise of a life in which we can realize our full potential as individuals and as part of the human family. It is my firm belief that through the O.E.C.D. we can move toward this great ideal, that this organization can effectively serve the high hopes of the free world and that it can contribute to the prosperity and well-being of our own people and of other peoples throughout the world. With the willingness of member states to use their capacities and potentialities to promote the objectives of O.E.C.D., I believe the new organization will prove to be a major step forward in international economic co-operation. The Canadian government will do all that lies within its power to ensure that this potential is realized.

The convention has been submitted to the congress of the United States for approval, and is under debate. I believe it has not yet been submitted to the parliament of any other member country of the O.E.C.D. which signed the convention in Paris in December last. Thus, Mr. Speaker, is given to the Canadian parliament the honour, if it so chooses, of being the first parliament among the parliaments of the 20 member countries of O.E.C.D. to give approval to the convention and thus to lead the way to what we believe is a bright future for a beneficent international institution.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the resolution which is before the house, as has been said, is an important one. It deals with extremely important questions and asks the house to approve the setting up of what may become a very important institution. I can say at once, Mr. Speaker, that so far as the official opposition is concerned we are happy to approve the resolution. We wish the institution well, and we hope it will accomplish what it is designed to accomplish in the convention establishing it, which has been signed by a representative of the Canadian government and which is now up for approval.

The importance of this resolution lies not only in its terms, in the convention which sets up the organization for economic co-operation and development, but also in the implications of the organization itself and of the approval that we are being asked to give to the convention setting it up. As the Prime Minister (Mr. Diefenbaker) has pointed out this afternoon this convention, in a sense, marks the culmination of the work of European reconstruction. We are honoured, as has been said already, in having in the gallery this afternoon one of those dedicated Europeans who has done so much to bring about not only the successful completion of the work leading up to this convention but all the progressive steps that have been taken toward European unity.

In this organization referred to in the convention we now have a new and broader framework not only for European economic co-operation but for Atlantic economic co-operation. The organization which we are being asked to approve, through approval of the convention, replaces the organization for European economic co-operation which in its day has been invaluable in aiding the progress of Europe toward economic co-operation and unity. I should like to pay my tribute to the work of O.E.E.C., which was so important and with which Canada and the United States have been associated. In replacing O.E.E.C., with Canada as an observer, we are being asked now to approve the full membership of Canada in this new broader organization along with the membership of the United States. I think the extension of membership in that way is not only important but is gratifying.

The Prime Minister said that the organization for economic co-operation and development is not meant to replace in any way article 2 of NATO. I think I am reporting his words accurately. We in this house should not wish, I am sure, to take any action which would weaken NATO in any degree as an organization for collective defence. If anything should be done in that direction, it should be to strengthen NATO. I am not sure, however—and only events will show this—whether the new organization will not in fact begin to replace the work of economic co-operation which was visualized as being performed by NATO under article 2, but concerning which there have always been great

difficulties in implementation, as the Minister of Finance (Mr. Fleming) knows so well.

Indeed, I think I am right in saying that in a discussion before the Senate foreign relations committee of the United States the secretary of the treasury indicated that this organization may eventually take over a great deal, if not all of the work, that it had been hoped might have been done by the implementation of article 2 of NATO. The secretary of the treasury, Mr. Dillon, himself did a great deal to bring the negotiations on O.E.C.D. to a successful conclusion when he was the assistant secretary of state. However, I do not believe we need to worry too much about this possibility provided that such a development did not interfere with other aspects of NATO in any way, shape or form. After all, O.E.C.D. does provide an enlarged foundation at least for Atlantic economic co-operation because when it comes into existence it will include several countries that are not now members of NATO, and their absence from NATO was one of the reasons it was so difficult to use that organization as an agency for economic co-operation.

O.E.C.D. not only has two North American members of NATO in its proposed membership, but I believe I am right in saying every European country except those behind the iron curtain. The minister will correct me if I am wrong.

Mr. Pickersgill: And Spain.

Mr. Pearson: No, I think Spain is a member of O.E.C.D. I believe, therefore, there is at least the broadest possible foundation for Atlantic economic co-operation and development in this organization. It will be interesting to see the action and interaction between the economic discussions of the existing NATO organization under article 2 and the development of O.E.C.D. Although none of the expressions that have been used today by the Prime Minister and the Minister of Finance give us any reason to believe that they have this matter in mind in asking us to approve this convention, perhaps this organization with its broad membership may become an effective foundation for Atlantic development, and not only in the field of economic consultation.

One who has had a good deal to do with these matters, namely Lord Gladwyn, whom we perhaps know better as Sir Gladwyn Jebb, speaking in the House of Lords on January 20 of this year, had this to say when he was dealing with European co-operation and development, and the desirability of NATO as an agency for that purpose:

> My Lords, such a body exists. It is true that, for political reasons, it cannot call itself an Atlantic community, but that, in effect, is what it is. I refer, of course, to O.E.C.D.—the Organization for Economic Co-operation and Development—the 20 members of which comprise all non-communist European states this side of the iron curtain save Finland, plus the United States and Canada.
>
> It does not at present represent a unity—some of its members are members of military alliances, and some most emphatically, are not—but it does represent a common, and basically Christian, tradition, an ethnic affiliation, a geographical area and an economically homogeneous group. Australia and New Zealand are the only really similar countries in the world which are not included, and they, after all, are situated many thousands of miles away from the Atlantic. Six of the members of O.E.C.D. are already on the way to becoming unified. Others may (and, personally, I hope they will) join that unity. But that will not harm O.E.C.D.—rather the reverse.
>
> Eventually, I hope, it will become rather more coherent. Some day, no doubt, with the aid of those excellent NATO parliamentarians, I trust it will develop an assembly of its own. At this point it might well even absorb the council of Europe. But all this is for the future. At this moment, the rather anonymous Organization for Economic Co-operation and Development is as near a thing to an Atlantic community as we can achieve.

That is a vision for the future, but it is one to which I think most of us will subscribe as something which should be and one day I hope will be realized.

A much more limited expression of the significance of this organization—and I am not quarrelling with that expression—has been given to the house this afternoon by the Prime Minister and by the Minister of Finance. Indeed, the minister himself referred to statements he made in earlier days of this session. They appear at page 196 of *Hansard*. He emphasized then and has repeated this afternoon that this organization is not meant in any way to override or replace GATT, and that larger trade questions and tariff matters will continue to be discussed within the ambit not of this organization but of GATT itself.

Mr. Speaker, I think we can welcome the expansion of the O.E.E.C. into the O.E.C.D. because it brings the United States and Canada into organic and full association as members of this new organization. The expansion is desirable but of course those who could follow the negotiations leading up to the signature, in so far as one can follow them in the press, know that this expansion was secured at a price. The price is in a sense the watering down, in some respects at least, of the commitments of the narrower and more limited organization of O.E.E.C. At an early stage in the negotiations I understand there was some difference in opinion as to whether trade should be even mentioned in the convention. Agreement was reached in that regard and trade fortunately is mentioned as a subject for consultation. But article 6, to which the Minister of Finance has referred limits the application of any recommendation or any decision taken by O.E.C.D. in trade or

in any other matter within the convention to those members of the organization who agree with the decision. In other words, every member of the organization has a veto in so far as that member is concerned over the application of any decision or recommendation.

I know that in all these matters the pursuit of perfection can sometimes lead to failure to achieve anything and it would perhaps have been quite impossible to secure any other result at this time in the negotiations on this subject of international economic co-operation. However, it is hoped that one day the practices of the O.E.E.C. may be acceptable to the members of this wider organization. As the minister has pointed out, that organization does provide for consultation, and that fact in itself can be important. It does not provide for much more than consultation in this field of trade policy and, more important, any consultation will depend on leadership and direction given by the governments inside this organization; I refer to leadership in the right direction which must be an extension of European movement toward economic co-operation and unity across the Atlantic. I suggest, Mr. Speaker, that consideration will be the ultimate justification for this organization; namely its ability to make progress in that direction. No hope, of course, has been expressed today which would justify the feeling that this is going to be an easy or quick achievement.

When the O.E.C.D. was signed last December the press communique announcing the signature had this to say on the subject of trade:

> In the field of trade the O.E.C.D. will carry out the following functions: Confrontation on general trade policies and practices at regular intervals or when requested by a member; examination of specific trade problems primarily of interest to members; and consideration of any outstanding short and long term problems falling within the terms of reference of the committee on trade problems established in January 1960.

The Minister of Finance in his statement in this house on December 16 to which I have already referred elaborated on the trade question in these words which I am quoting from page 866 of *Hansard*:

> The organization will provide a continuing forum for consideration of the effect, on member countries and on others, of the trade groupings that are emerging in Europe. I refer of course, to issues arising from the formation of the Six and the Seven.

Then further down:

> The new organization is, as I have said, to promote the expansion of trade on a multilateral and non-discriminatory basis, thus contributing to the achievement of the purposes of the general agreement on tariff and trade.

Mr. Speaker, in the statements we have had this afternoon from the Prime Minister and the Minister of Finance no light has been thrown on the attitude of the government towards these issues referred to by the minister on December 16th arising from the formation of the Six and the Seven. What we should like to hear, as perhaps we shall before this debate is over because it has a very direct relationship to O.E.C.D., is something about the attitude of the government toward the common market and European free trade area, and especially about how Canada's foreign economic policy is to be developed. Now that we are contemplating full partnership in this Atlantic organization we shall have even more to take into account the emergence of these new trade blocs, all the members of which will also be members of the organization for European Economic Co-operation and Development. The government, aside from certain statements, which have been interpreted as threats of retaliation, by the Minister of Trade and Commerce (Mr. Churchill) in Paris, and implied in some statements of the Minister of Finance.

Mr. Fleming (Eglinton): No.

Mr. Pearson: I said that they were interpreted as threats of retaliation.

Mr. Fleming (Eglinton): They were not correctly so interpreted.

Mr. Pearson: Apart from these statements, Mr. Speaker, the government has given no indication of how it intends to meet the challenge or the opportunities presented by the development of the Six and the Seven. Perhaps there will be greater opportunity to deal with this matter now that Canada is a full member of the organization for economic co-operation and development. We have had no indication this afternoon as yet as to how the government will use Canadian membership in this proposed organization to promote Canadian economic interests, or in what direction Canada will use its influence in the furtherance of long-run economic objectives or in helping to solve these specific problems of the common market Six and the European free trade area with its Seven.

Surely information on that point is of importance before we approve of this particular resolution. Surely a solution of this problem, namely the relationship of the Six and the Seven within O.E.C.D., is of paramount importance to O.E.C.D. itself as it begins its operation. Together the European economic community, the common market, and the European free trade area make up 40 per cent—and we sometimes forget this fact—of world trade and the manner in which their trade relations develop will have a profound effect on the world in general

and on Canada, I suggest, in particular. I hope to show this effect a little later.

The common market is now a growing concern. It is no longer any Utopian dream. Commenting not long ago on its first two years of operation the president of the commission of the European economic community, Professor Hallstein, made these claims for the common market. He said that the community is the world's second largest industrial power, and the world's largest trader; that its exports and imports have risen, as indeed they have risen in a most exciting way during its brief existence, resulting from—and we had better not forget this fact—the removal of trade barriers between the members of the common market. Professor Hallstein said that investment in 1959 in the common market countries had tripled in comparison with 1958. He also indicated that businessmen and industrialists inside the common market countries were now pressing for a speeding of the transition period, which I think is to extend over 15 years.

This glowing account, by a man who had so much to do with the formation and development of the common market, of a new and dynamic trading area of 165 million inhabitants is just one more evidence of the magnificent post-war recovery of western Europe. It is an example of what the removal of trade barriers can do in the promotion of economic prosperity. But in Canadian, and indeed in American minds it has also aroused a good deal of apprehension over the impact of a development of this kind on our trade with the common market and the free trade area countries which, as they develop, might take the wrong course. I will explain what I mean by that in a moment.

Perhaps this is one of the things in which the proposed organization we are discussing today can exercise an important and beneficial influence. I am referring to this apprehension which is felt in Canada as to the effect that these developments in Europe, if they take the wrong course, may have on jobs, income and trade. That apprehension was expressed not long ago before the Senate committee on manpower by the president of the Canadian exporters association when he asserted that the formation of the European trade bloc presents a grave situation for Canadian exporters into the area because of proposed high protective tariffs; that is, a high common tariff against non-members of the common market.

That apprehension is understandable because we know how important this market is to Canadian exporters. Indeed, at the present time it is the third largest market for Canadian products. About 40 per cent of our sales to this market are in agricultural products, and another 40 per cent are in primary and semi-processed materials exported largely by the chemical, metal, mineral and pulp and paper industries. This European common market is now growing by leaps and bounds and it is of vital importance that not only should our products not be excluded from it as that growth takes place, because of a high external tariff but that we should be able to share in the advance being made by these European countries. I think that hope and that apprehension lie at the basis of our approach to this particular problem.

So we are bound to ask ourselves this question: will the common market create trade, or will it merely divert trade? Also we are bound to ask ourselves: can the O.E.C.D. in its operations exercise the kind of influence which will ensure the former, namely the expansion and creation of trade rather than the latter, namely merely the diversion of trade?

Naturally if the common market develops on the basis of increased protectionism against traders outside its membership, that would certainly divert the flow of trade rather than create new trade through specialization. So we wonder, whether the common market will have this latter effect, and whether O.E.C.D. will be able to ensure that it does not have it. The apprehension based on those dangers has been created from two sources. One is the averaging method used in setting the common market tariff against the rest of the world, and the range of commodities for which duties are fixed by negotiation.

Mr. Speaker, before I develop that point perhaps I may be permitted to call it five o'clock.

Mr. Speaker: It being five o'clock the house will now proceed to consideration of private and public bills, the former having precedence, pursuant to section 3 of standing order 15.

PRIVATE BILLS

On the order:

House in committee on Bill No. S-2, an act to incorporate Aurora Pipe Line Company (without amendment).—Mr. Woolliams.

Mr. Churchill: Stand.

Mr. R. J. McCleave (Halifax): Mr. Speaker, I understood from the sponsor of the bill that he was going to ask that it stand this afternoon.

Mr. Speaker: The first item called stands in the name of Mr. Woolliams, who is not here. Shall this item stand?

Mr. Churchill: Stand.

Order stands.

On the order:

Second reading of Bill No. SD-1, for the relief of Jean George Lipsman.—Mr. McCleave.

Mr. R. J. McCleave (Halifax): Mr. Speaker, I wish to ask, on my own behalf this time, that order No. 2 and all the orders up to No. 24 inclusive and the divorce bills thereafter be allowed to stand today.

Mr. Speaker: That is all of the divorce bills which are on the order paper for second reading?

Mr. McCleave: Yes, Mr. Speaker.

Mr. Frank Howard (Skeena): Mr. Speaker, perhaps I may say this. This is done on the understanding that they remain in the orders as they are and will not all stand under one order. That is, they will not be consolidated under one order, as was done a few weeks ago, but will stand as orders No. 3, 4, 5, etc.

Mr. Speaker: Yes. If there is any objection to their consolidation, they cannot be consolidated. We will allow order No. 2 to stand in the first instance.

Order stands.

Mr. Speaker: Is the house agreeable that, without consolidating these orders for second reading, we allow them all to stand?

Some hon. Members: Agreed.

Mr. Speaker: That is, orders Nos. 3 to 24 inclusive.

QUEEN'S UNIVERSITY AT KINGSTON

Hon. J. M. Macdonnell (Greenwood) moved the second reading of Bill No. S-7, respecting Queen's University at Kingston.

Mr. Speaker: Does the hon. member wish to speak? Is the house ready for the question? Is it the pleasure of the house to adopt the motion?

Mr. Pickersgill: Does the hon. member not have something to say on this matter?

Mr. Churchill: Surely he has something to say about Queen's.

Mr. Macdonnell: Mr. Speaker, I could talk for hours, but I will restrain myself and do it all in about two minutes. The situation is very simple and is fairly well explained in the explanatory note which reads as follows:

The governing statute, chapter 123 of the statutes of 1882, provides by section 11 thereof, as follows:

"11. The principal shall be vice chancellor of the university, and in the absence of the chancellor shall take his place and discharge his duties."

The purpose of the proposed amendment is to give the board of trustees freedom of decision in the future so that the principal and vice chancellor may be one person or two persons as the board in its discretion may decide.

No change is proposed in the method of appointment, or in the statutory duties of these officers.

If this bill is passed they may, if they see fit, have a principal and a vice chancellor or they could continue as they are. The reason is obvious enough. Like every other university, Queen's has been growing by leaps and bounds. There have been considerable additions to buildings and an increased attendance and staff. It is obvious that the senior executive positions have become more onerous.

The trustees have concluded that they would like to have this provision in the statutes of 1882 altered so that they may in their discretion have a principal and a vice chancellor, two separate officials.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I have no desire to speak on this question myself but I wonder whether, before the hon. member technically takes his seat, he would allow me to put a question to him. Would the hon. member explain why this parliament rather than the legislature of Ontario has the jurisdiction?

Mr. Macdonnell: Mr. Speaker, as I understand it, the university was originally incorporated by the legislature of Ontario but in the statute of 1882, chapter 123, I find that some doubt apparently arose. Being only a reformed lawyer I am not able to give all the technical details but apparently some doubt arose as to the competency of the legislature of Ontario in this respect and accordingly this statute, chapter 123, was passed in 1882 for the purpose of curing any possible defect. I think it was one of those things lawyers dream up when they wake up early in the morning. It looks to me as though it has little substance but it had sufficient substance to have that statute passed in 1882.

Mr. Pickersgill: Mr. Speaker, could the hon. member say whether it had anything to do with the royal charter?

Mr. Macdonnell: Is the hon. member for Bonavista-Twillingate (Mr. Pickersgill) asking me whether the doubt was connected with the royal charter? I am not competent to answer that. I do not know, Mr. Speaker.

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

CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS

Mr. J. R. Keays (for Mr. Smith, Winnipeg North) moved the second reading of Bill No. S-8, to incorporate Canadian Federation of Music Teachers' Associations.

Private Bills

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, is the sponsor going to make a statement?

Mr. Keays: Mr. Speaker, knowing of your love for music I am sure you welcome second reading of this bill and possibly you will become a member of the federation at some time or other.

The federation was founded in 1935, bringing together music teachers' associations then existing in Manitoba, Saskatchewan, Alberta and British Columbia. Since that time all provincial music teachers' associations across Canada, with the exception of those in Newfoundland and Prince Edward Island, are members of C.F.M.T.A. Negotiations are under way to bring these two groups into the federation. At the present time there are approximately 2,400 music teachers who are members of provincial music teachers' associations associated with C.F.M.T.A. Provincial committees meet regularly and there is a biennial meeting held by the federation.

The main object of the federation is to raise the standard of the teaching of music in all its branches across Canada. This is accomplished in two ways, first, by master courses held at every biennial convention which not only raise the standard of teaching but also deal with the teaching of music. In some cases these master courses assist music teachers in obtaining degrees in recognized music schools. Second, the standard of music teachers is raised by insisting that all members of the provincial music teachers' associations be an associate of a recognized music school and have two years' experience in teaching. This insistence in itself has done much to raise the standard of music teaching in Canada.

The federation also conducts a young artists' series whereby each of the provinces in turn holds local auditions. A group from these auditions are then sent on tour across Canada giving recitals in various cities and towns. The organization of these groups and the financial responsibility for them are matters taken care of by C.F.M.T.A. There are many recognized artists in Canada who have achieved their initial start in this manner.

The federation has supplied funds both as loans and as gifts to various groups in various parts of Canada in order to organize music teachers' associations and to assist them in obtaining registration in a provincial charter and has also supplied these groups with personnel to assist them in the organization.

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

[Mr. Keays.]

INTERNATIONAL BRAIN RESEARCH ORGANIZATION

Mr. G. C. Fairfield (Portage-Neepawa) moved the second reading of Bill No. S-9, to incorporate International Brain Research Organization.

He said: Perhaps in introducing this bill, Mr. Speaker, I should offer a fairly comprehensive explanation concerning the establishment of this organization.

The purpose behind the organization is, I believe, well explained in the preamble to the statutes and bylaws. The preamble reads as follows:

> Whereas there is need, throughout the world, for the mobilization and direction of a larger proportion of our best scientific resources for research on the brain, an international organization has been created for this purpose.

Progress in medicine generally has been great and in the physical sciences it has been even greater. We have witnessed the development of the atom bomb and the highly technical automated machinery of the last few decades. These developments have far outstripped our understanding of even the most elementary brain mechanisms upon which this fantastic progress is based.

All the achievements of man, including cultural and intellectual thought and behaviour in relation to social and physical environment and man's mental and physical health and welfare depend to a large measure on the relatively unexplored universe of the brain.

This has in the past and will in the future pose a most difficult problem to those who are devoting a great deal of their time and energy in an attempt to explore the universe of the brain and to devise methods of further exploring this realm. The methods and principles applied to the physical and biological sciences should be applied to research on the brain. Even the money applied to the physical sciences, for instance in the development of the atom bomb, far outstrips that which is being spent on research on the brain and the amount of creative energy devoted to the former exceeds that devoted to the latter.

The problems encountered in this field are of the greatest difficulty and complexity and are becoming increasingly acute. In psychiatry the revolution caused by the discovery of psychopharmacological agents and the recognition of the importance of basic knowledge of brain chemistry underlying mental disorder and behaviour, has brought into clear relief not only the importance of basic scientific work in this field, but also the depth and extent of our ignorance.

Within the last five years a revolution has occurred through the discovery of the action of certain psychopharmacological agents on the brain in terms of emulating the symptoms

of the mental disorder known as schizophrenia. In neurology there are many debilitating diseases of which we have no real understanding and for which we have no therapy. We feel that a more promising approach to some of the problems in neurology can be made through basic scientific work and biological work on fundamental mechanisms to determine the development of the brain and its function.

In communications, engineering and electronic computers, the need for more basic knowledge concerning how the brain perceives the outside world, how it records memories and how it solves problems, is becoming more acute.

In relation to jet space travel there is a tremendous amount of research required to get the basic knowledge of the brain's reaction to such travel. In brain research we have been very concerned with precise information about the organization and very fine structure of the brain, how it reacts to different biochemicals and how it reacts physiologically to changes in its environment.

In the realm of neurophysiology, with the development of the electronic microscope, we have been able to discover the reaction of single brain cells to stimuli, such as learning, fright, and so on. This is a tremendously difficult problem and very complex. I can recall —it is too long ago to admit to—before world war II, assisting as an interne in brain operations. Since world war II I have observed brain operations in one of the leading neurological hospitals in the western world, that in Montreal, and I can tell the house frankly that there has been terrific progress in brain study and operative technique in a matter of 25 or 26 years. I feel that this progress has been due to the work of those very selfless, devoted people in the brain research field who have not the backing that they should have, because of the lack of co-ordination between groups in different countries of the world which are doing research on brain diseases and functions of the brain. Although they have developed techniques and knowledge in those different centres, heretofore there has been no close collaboration between the findings and the knowledge of those different centres. It is hoped that with the setting up of this International Brain Research Organization greater facilities for co-ordination on an international scale will be brought about. This is to increase and accelerate the exchange of information and ideas between scientists of different countries.

The organization itself stems from a resolution passed by a number of brain research scientists in Moscow at an international meeting of neurologists in 1958. I hope no one will entertain any serious thoughts over the fact that the birth of this organization got its stimulus in Moscow. It has no such appellation. The proposal to form this international brain research organization was then presented to the United Nations educational, scientific and cultural organization by this committee; that is, UNESCO. The first committee was headed by Professor H. Jasper of Montreal. At its tenth session, the general conference of UNESCO recommended that its responsibilities in the field of natural sciences be also extended to brain research. At a meeting in Paris in October, 1959, a study group formulated the main outlines of the organization. They also elected compilers to draw up lists of scientists to serve on seven international panels. These panels are really parts of the study of the brain and consist of the following: neuroanatomy, neurochemistry, neuroendocrinology, neuropharmacology, neurophysiology, behavioural sciences, neurocommunications and biophysics.

The council for the international organization of medical sciences was then charged by UNESCO with the task of helping in setting up the organization to be known as IBRO. Thus, in this bill we have the final act in the setting up of this international organization on brain research.

Over 250 scientists in more than 30 different countries were approached and asked whether they approved of the proposal, and if they did, to elect by ballot those of their scientists whom they wanted to represent them on the various panels. Then, those were to meet as delegates on a central committee held in October, 1960 in Paris.

By July of 1960 an overwhelming majority of the panel members gave their consent in writing and elected their representatives to this central committee, and IBRO was then definitely established. What of this organization? One of its main functions, certainly at the beginning, will be to foster knowledge between different panels of the different countries throughout the world.

As hon. members can readily understand, the research scientists in brain work in Moscow had little liaison, for instance, with the brain research scientists in the United States of America. By means of this organization, which is to be set up with headquarters in Montreal, the findings of those panels or disciplines in the U.S.S.R. will be centralized and funnelled through the central headquarters in Montreal and will be made available not only to scientists in the U.S.S.R. but to brain scientists all over the world. Not only in information alone will this procedure prove of great value to those countries which are just developing and have not as yet research facilities, but this information will be provided in their own language through making

use of the facilities of UNESCO for translaton and compilation for the IBRO. They also hope through their program of action to set up fellowships and provide for the exchange of scientific workers. Strangely enough, in the scientific world national and cultural lines do not seem to make very much difference, and the exchange of workers is felt to be of a great deal of importance in this organization. They also think they will be able to provide the facilities and the money to set up temporary research teams.

Through their teaching facilities they also hope to promote world-wide education with regard to brain research. I must say that any research work is a very thankless task. Such workers are not too highly paid. The work takes a great deal of time and effort and even considerable loss of sleep in order to reach an objective. Many who have struggled for years on a project have not yet reached their objective.

They also hope, particularly in the underdeveloped countries, to help in the extension of existing laboratory facilities. Finally, by means of international meetings and conferences which will be held at least every two years they hope to exchange information and to extend their knowledge to research groups throughout the world. I hope the bill will pass without any amendment.

(Translation):

Mr. J. E. Bissonnette (Quebec West): Mr. Speaker, it affords me great pleasure as a physician and also as a member of this house, to add a few words in support of this bill which is being introduced by the hon. member for Portage-Neepawa (Mr. Fairfield) with a view to incorporating the International Brain Research Organization.

This bill is a most appealing one because of its purport: medical science and its development.

Owing to its international and highly humanitarian character, medical science must be universal and know no boundary in the distribution of its blessings. It is constantly developing. Everything must be done to support our scientists in their search for new techniques, new drugs, in short for all those things which are likely to relieve suffering and prolong life.

Consequently, this bill purports to facilitate the work of the many scientists of all countries who have tackled the great science of the nervous system, and especially the human brain, which is after all the noblest organ in man since it is the one which is most involved in human activities.

Through the work of those scientists, our hospitals are no longer crowded with epileptics, those poor creatures who may now be of some use to their fellowmen. Thanks also to their work and to their discoveries, a high percentage of patients have been able to leave our mental institutions and live with their families and become of some use to them.

This means that great progress has been made in the knowledge of the nervous system and especially of the diseases of the human brain, so complex in its anatomy and its physiology.

I think that all members of this house should give their full support to this bill to incorporate the International Brain Research Organization. In so doing, there is no doubt that we shall accomplish a noble and highly humanitarian task, for its purpose is to support the efforts of all our scientists and especially to allow them to communicate with each other through the various learned societies dedicated to that kind of research in different countries such as Russia, France, the United States, England and Canada. Moreover it is important that such scientific societies meet, study together and share their knowledge and the results of their work and of their experiments so that science may continue to benefit all mankind.

(Text):

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise on behalf of this group to express our wholehearted support for what we consider to be an extremely important measure. I also wish to express my appreciation of the explanation of the bill and the historical background behind it which was given by the hon. member for Portage-Neepawa (Mr. Fairfield), the sponsor of the bill.

When we read the bill and see the names of the members of the present unincorporated organization it is obvious that in those names we have a guarantee of the need, value and purpose of this measure. When we read names such as Herbert Henri Jasper, professor; Wilder Graves Penfield, surgeon; and Frank Campbell MacIntosh, professor, being those of the persons connected with the unincorporated organization and who when this measure is passed will be the members of the corporated body, surely there is no necessity to question the real need of this pioneering legislation. It is the first measure of this particular type that has come before the House of Commons in my experience. The persons mentioned as the incorporators

are men of distinction with great achievements to their credit and having a world-wide reputation.

As I see it, Mr. Speaker, the bill provides the legal instrument, shall I say, to make possible the extension into the international field of the work they have been carrying on within Canada. It provides opportunities for the co-ordination of this work and for co-operation with people of like talents in all countries. I think we should take particular pride in the fact that the headquarters of what in effect will be an international organization will be in Montreal, Canada. I am sure that decision was not arrived at without some recognition in other countries of the work done by Canadians in this field to which the bill relates. These people will be given an opportunity, through this legislation, to perform an even greater service to mankind.

I was much interested to hear of the discussion that had taken place in other countries on the international aspects of the purpose of this organization which, without any doubt, proves that its activities will be to the advantage of all people. I trust this highly successful effort in international co-operation in this scientific-medical field does give us reason to hope that in the days to come the same co-operation will be extended into the more difficult areas to which, to date, we have not been able to achieve any great measure of co-operation and understanding. On behalf of this group, Mr. Speaker, I wish the persons in this body which is to be incorporated continued success in the great work they have been undertaking for so many years on behalf of mankind.

Mr. P. B. Rynard (Simcoe East): I am happy to rise and say a few words in support of this bill, Mr. Speaker. I should like to congratulate the sponsor of it upon the explanation he gave of the bill and the reasons stated for introducing it. I think he gave the house a very lucid explanation.

As its name implies, this organization is an international brain research organization. It will have the job of correlating all of the scientific research information in one centre. The story of the research and the work being done in every brain centre of the world will be available at this centre. If a neurosurgeon, for example, in South America wants to obtain certain scientific facts regarding certain areas of the brain, he will just communicate with this centre and they will be able to give him the scientific facts as well as the names of the surgeons concerned and the places in which the original work was done.

The brain has, for a number of years, lain hidden and unknown to the mind of man. Little by little an unravelling process has been proceeding concerning the various areas of the brain until today we find that lesions are picked up on the encephalogram, by X-ray and other scientific instruments. These developments are of tremendous importance in delineating the areas of the brain in which operations are to be undertaken and in picking up lesions of vessels in the brain.

If I may illustrate a point concerning the mystery of the brain, I would say it has been proven that the silent areas of the brain may contain a great deal of information. Indeed, they may be the storehouse of the knowledge that has been accumulated over the years. This knowledge is stored there and may be recalled and unfolded like a movie film. It has been established that by touching or stimulating electrically certain areas of the brain a patient may, if he is an auctioneer for instance and under deep anaesthesia, start off an auction. In order to correlate some of this data and bring it all together we need a centre which would be acceptable to all and which would contain all the data in the world accumulated from all the parts of the world. This, in my opinion, will be a major forward step in the advancement of scientific knowledge of the brain, mental diseases and so forth. For these reasons, I hope this bill will be passed without delay.

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

THE CANADIAN GENERAL COUNCIL OF THE BOY SCOUTS ASSOCIATION

Mr. Stuart Fleming (Okanagan-Revelstoke) moved the second reading of Bill No. S-11, respecting the Canadian General Council of the Boy Scouts Association.

He said: Mr. Speaker, the purpose of this bill is essentially very simple. It is to change the name of the Canadian General Council of the Boy Scouts Association, in English, to Boy Scouts of Canada or, in French, Scouts du Canada. Although this appears to be a very simple thing and perhaps would require little explanation, there is a greater significance to this change in view of what has been happening in the boy scout movement in Canada during the years since the last war.

If one looks at the explanatory note, one will find that the present name, the Canadian General Council of the Boy Scouts Association, was established when this association was, in effect, a branch of the Boy Scouts Association incorporated by royal charter in London, England, in 1912. Since that time the Canadian boy scout movement has become an

independent body within the international boy scouts conference. The retention of the old name could lead to contradictions and misunderstandings as it does not indicate the independence of the Canadian body.

I think that this is a particularly appropriate year for this action to be taken because on January 27 the boy scouts headquarters moved into its new building in Ottawa which had been long dreamed of, long planned for and worked toward. This building will enable the association to conduct its affairs with even greater efficiency than in the past and also enable it to expand the services which a membership in Canada of approximately 300,000 now requires. It is a rather interesting statistic that in Canada today, a relatively small nation in population, there are 300,000 boy scouts, wolf cubs and their voluntary leaders. This number is growing rapidly. I think it is interesting also to note that in July of this year 3,500 boy scouts from all parts of Canada will be in Ottawa to take part in the Canadian jamboree. There will be in attendance representatives of the Boy Scouts of America, and probably some from Mexico and the other countries of the Americas.

In referring to this matter of the growth of the organization, I would place particular emphasis on the Canadianization of the organization, although I do not do so in any narrow nationalistic sense. It is appropriate, I believe, to consider exactly the place that scouting is taking in the lives of the people all across Canada. I think it is interesting to realize that the movement is now about 50 years old in Canada. As a matter of fact, scouts and wolf cubs are so familiar to us in all our communities that we pretty much take them for granted. We perhaps overlook the fact that this large organization could not continue to exist unless it had the sympathy, understanding and co-operation of individual citizens in every community in which it was established.

A portion of the funds of the association is earned by the boy scouts and wolf cubs through their various ventures and a substantial proportion is obtained from individual citizen subscriptions. Without this assistance the movement could not continue.

We have several thousand men and women acting as voluntary leaders and devoting many hundreds of hours during the year to the training of these boy scouts and wolf cubs. We should realize that this association with its national, provincial, district and city headquarters at various places throughout the country is maintaining a high standard of training for the youth of this country. We should realize that the training standards are jealously guarded by the Canadian association. Training programs for leaders have become widespread and a greater number of adults each year are spending their spare time in an effort to maintain the standard at this high level. I feel it is also important to realize that this effort will only be successful if the people engaged in public life take the time to examine the standards, aims and objectives of organizations such as the Boy Scouts Association. I feel that private citizens should also consider the contribution they can make toward the continued successful operation of this valuable movement.

Boy scout and wolf cub groups exist in every province and in every territory in Canada. Many of the members of this organiation have distinguished themselves over the years in many fields. The boy scout movement is essentially an international organization of brotherhood which has as an objective the developing of self-reliance. But during times of war former boy scouts have served well and I am sure the younger boys will continue to do so.

I feel that the underlying significance of this move to change the name is an effort to emphasize a program that has been accelerated during the years since the war. This effort has been fostered by a sense of Canadianism in regard to the scout program. There has been no departure from the principles of scouting as laid down by Lord Baden Powell in 1908. The objectives vary in different areas and here in Canada we must keep in mind the geographic and climatic conditions of our country. There is in existence, a program an object of which is to promote out-of-doors activities during 12 months of the year. Only a few years ago, I was somewhat surprised when I found myself learning how to camp under canvas in the mountains of British Columbia in January. I felt that this was a marvellous objective for young boys. I was not too sure that it was a marvellous thing for myself. In any event it is as a result of the efforts of the leaders that this program is continuing in a way that provides leadership and training for Canadian youth.

All of the things I have mentioned justify our attention and support. I believe that the change in name as suggested at this time emphasizes to the members of the movement as well as to the public in general that the boy scouts of Canada are endeavouring to contribute to those things we in Canada like to regard as distinctively Canadian.

Mr. Herridge: Mr. Speaker, as a scout some 60 years ago and scoutmaster some 42 years ago, may I say this.

Mr. Macdonnell: Did the hon. member say 60 years?

Mr. Herridge: Yes, nearly 60 years ago as a scout and 42 years ago as a scoutmaster. I can give my political benediction to all that the member for Okanagan-Revelstoke (Mr. Fleming) has said in respect of the Boy Scouts Association. I think that is all that is necessary for me to say, Mr. Speaker.

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, I should like to join with the hon. member for Okanagan-Revelstoke (Mr. Fleming) and the hon. member for Kootenay-West (Mr. Herridge) in their congratulations to the organization whose name is being considered by us today. There is a suggestion that the name be changed from The Canadian General Council of the Boy Scouts Association. There is no doubt in any member's mind that these individuals perform wonderful work for the young people of Canada, and assist our youth in realizing their many ambitions. I rise at this time to place on the record certain problems this application faces. Perhaps these problems are not grave in nature but nevertheless they exist. I do not profess to know much about the Boy Scouts Association although I have admiration for the movement as I am sure have many hon. members. I have learned a great deal about the activities of this organization from my brother who has for many years been a scoutmaster.

I feel sure that the hon. member who placed this bill before the house is aware that it was studied by the Senate committee on private bills during which time certain matters were discussed in harmony. I feel that it is my duty to inform the members of this house of these problems, so that when they are again before us in some form or another we will recall this information.

Mr. Speaker, the problem is a simple one. There has been for some years now a similar organization known as the Federation of Catholic Boy Scouts of Canada. I understand this organization has many troops in different sections of the provinces of Quebec and Ontario. Hon. members will perhaps realize that in a proposal to change a name it is perhaps not usual to adopt a French translation as well. The French translation of the proposed name is Scouts du Canada. This is not a literal translation of the English name, and for that reason there is some doubt in the minds of the French promoters of this movement. This doubt exists among the French and Catholic groups who feel that within a short period of time they will be in a position to request a charter, something which, of course, is the privilege of any association. When this step is taken this organization will require the French name which is Scouts du Canada. I observe that the word "boy" is struck out in the translation. I make these remarks knowing very well that there is the greatest harmony between these groups which have been in operation and close affiliation for quite a few years.

I think it is important that hon. members realize this fact. If at any time in the future an association which is doing similar work applies for a charter, it could not be refused because the name is similar in some way to the French translation asked for today. I think all hon. members will realize the significance of this matter.

In this house we have possibly a special problem. We are a house which represents a bilingual country. We have no rules or regulations in this regard. We have in the past given approval to associations being incorporated and there has been no request for a translation. An official name has been requested. It is not customary to ask for a translation. I think hon. members realize that if it were possible to accept the translation of the short English phrase it would satisfy the proper function of this group which has been in existence and has done such wonderful work throughout the years. We would thereby protect any similar group of Canadians having the same endeavours in mind, and in that way there would be the recognition of the bilingual factor which we recognize is very special to Canada.

I make these remarks with the greatest frankness and with the desire to create the greatest possible harmony. There is no doubt that the Scouts of Canada, Scouts du Canada, by whatever name we may call them, will promote in Canada all these wonderful things which the hon. member for Okanagan-Revelstoke (Mr. Fleming) mentioned to the house.

I should like to put this statement on the record. If the bill is read the second time and is referred to the committee which studies these private bills, I should want to make sure that all hon. members were informed of the situation, especially if the house felt it should grant the total application, that is to say the English name and the French name which is slightly different. If it granted both—something which is not usual in incorporations under the statutes of Canada—and a similar association later applied for a like name, possibly with the French appellation, hon. members would recall the debate today so that the association in the future would not be deprived of a right that we must agree it has, as have all other associations.

Private Bills

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, on March 23, 1959, I had the privilege of introducing Bill No. S-13 on behalf of the hon. member for Okanagan-Revelstoke (Mr. Fleming) concerning the holdings of real estate by the Boy Scouts Association.

This bill is comparatively simple. We have only a few minutes in which to deal with this matter, but I should like to point out two significant factors in it. The change of name includes the saving clauses which would prevent any legal difficulties in connection with such a change. The most obvious matter is that the name is short and made less difficult than the former nomenclature, namely the Canadian General Council of the Boy Scouts Association. Shortening it up to "the Boy Scouts of Canada" will facilitate easy use of the name and it will be designated in such a way that it will be well known to all Canadians.

The second significant fact is that the new name removes any suggestion that the Canadian association is a branch or subsidiary of the British association. We know that in 1914 scouting was permitted by numerous provincial councils, but in June of that year the Canadian general council, with headquarters at Ottawa, was incorporated. That is the name under which the association has gone until the present time.

The present change to simply "Boy Scouts of Canada" will complete that change-over and will make it quite clear that the Canadian association is an autonomous unit in the boy scouts organizations of the world.

Hon. W. J. Browne (Solicitor General): Mr. Speaker, everybody will be pleased to see the change of name from "the Canadian General Council of the Boy Scouts Association" to the simple one of "Boy Scouts of Canada", which is the name by which this organization is generally known.

I rise particularly to say that as I look around this House of Commons today I note that there are not many who can boast, as did the hon. member for Kootenay West (Mr. Herridge), of the long period of membership that he mentioned. I think he said he was a member 60 years ago.

Mr. Herridge: Nearly 60 years ago.

Mr. Browne (St. John's West): But in private conversation I understood from him that he joined the movement in 1906.

Mr. Herridge: Yes.

Mr. Browne (St. John's West): I should like to say also that I have the honour of early membership. I think it must be the earliest in Canada. It was in the fall of 1908 that I joined a boy scout group in St. John's, Newfoundland. I think it must have been about the time that it was introduced in the mainland of Canada, or earlier. It was introduced into Newfoundland by a Church of England clergyman who had just come from England. I looked it up at one time and I believe that was the year it was given recognition as an organization, although it may have been working unofficially when my friend the hon. member for Kootenay West joined a couple of years earlier.

Mr. Deputy Speaker: Is the house ready for the question?

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

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

TRADE

O.E.C.D.—APPROVAL OF CONVENTION AND RELATED AGREEMENTS

The house resumed consideration of the motion of the Prime Minister (Mr. Diefenbaker):

That it is expedient that the houses of parliament do approve the convention on the organization for economic co-operation and development, supplementary protocol No. 1 to the convention on the organization for economic co-operation and development, supplementary protocol No. 2 to the convention on the organization for economic co-operation and development, and the memorandum of understanding on the application of article XV of the convention on the organization for economic co-operation and development, all of which were signed in Paris on December 14, 1960; and that this house do approve the above agreements.

Mr. Pearson: Mr. Speaker, at five o'clock I was discussing how I thought the organization for economic co-operation and development, the convention establishing which we are being asked to approve, could operate so as if not to ensure, at least to assist in ensuring that the European movement toward economic consolidation should take the right course; that consolidation and unity should not result in the raising of barriers against countries outside either the European free trade area or, more importantly, the European common market.

There have been worries and indeed some indications of danger on that score from the two sources which I mentioned, namely the averaging method used in setting the common market tariff against non-member

countries and the range of commodities for which duties established by the common market are fixed by negotiation.

In the first case, fears have been expressed —and perhaps there is some ground for them —that the increase in the German and Benelux tariffs that resulted from this averaging method will hurt outside countries more than the reduction in the French and Italian rates will help them by the application of the same averaging method.

It is true as the minister and hon. members will know, that the first 10 per cent cut inside the common market on internal tariffs on the way to completely removing these tariffs over the years was applied, I think without conditions, to the GATT countries, but the second 10 per cent cut which I believe took place in July of 1960—and the minister will correct me if I am wrong—was not so extended although members of the common market could voluntarily extend that 10 per cent cut if they so desired. I think that the Netherlands is the only country that has done so.

It is now fairly clear, in my opinion, that if there is to be a further reduction of that kind it is to be extended to countries like Canada and the United States, GATT countries outside the common market only, if they will take reciprocal action in reducing their tariff toward common market countries. There is therefore a problem here which perhaps the O.E.C.D. will be able to take into consideration when it begins operation.

The second danger, namely the fixing by negotiation of duties for certain commodities, presents another problem. The duties in this respect include those on some commodities of great importance to Canada, such as basic raw and industrial materials. They are fixed at such levels that production within the common market may well develop with a consequent diversion of purchases from outside to inside suppliers. We have fears on this score particularly in connection with agricultural products.

The executive secretary of GATT in dealing with this subject has expressed the view that suppliers outside the common market will probably have a decreasing share of this market for agricultural commodities. That forecast was made presumably on plans to fix minimum prices for such products within the community regardless of conditions on the world markets and to protect these minimum prices by levies, quotas, controls and all that sort of thing.

No doubt it is considerations of this kind which are responsible for some of the fears I have expressed and which are being expressed in Canada. I believe it would be helpful indeed if the government would give its own indication of the validity and importance of these fears and tell us what might be the effect on our exports. An appraisal of this kind given before this resolution is passed would be of assistance.

Before I leave that point, in turning to the more encouraging side I want to place on record a statement made by the president of the commission of the European economic community, Walter Hallstein, who said:

> Not only must we continue, and perhaps increase, our present rate of economic growth. Not only must we prove that a free society is competitive. We must also help to stabilize and enlarge the markets we provide for the world's producers of raw materials, and, as the developing countries achieve greater industrial production, so we must develop, with them and accept from them, increasing quantities of manufactures.

The common market should develop along those lines. We would then have little to fear and much to hope from that kind of development.

Perhaps I could also say a word on the organization of the European free trade area and its possible effect on Canada. This free trade area, as we know, includes the United Kingdom. I am glad to say that an increasing percentage of our exports is now going to that market. Most of our exports to the United Kingdom, as part of the European free trade area, which lately have proved so important to us, will not be affected by any proposed arrangements inside the free trade area but there are other important exports which will meet increasing competition in the United Kingdom market as a result of the development of this free trade area.

This situation would be unfortunate at a time when we are doing everything we can to increase our exports to that market which has not only a value in itself but has—I was going to call it an incidental value, though it is more than that—the additional value of making us less dependent on the United States market.

We can all take satisfaction in the fact that our exports to the United Kingdom have increased. They have gone ahead during 1960. Whether we are able to continue this increase in our exports to the United Kingdom will depend on two things. It will depend in part on our willingness to import from them and not to put obstructions in the way of British exports to this country. It will also depend on the ability of the United Kingdom to buy anywhere because of growing exchange difficulties in that country. Although we hope this will not happen, those difficulties may interfere with our continued increase of sales in that market.

Great Britain's trade surplus is declining at the present time. In 1958 it was 800 million, in 1959 it was 140 million and in 1960

it was estimated at only 50 million. To correct that situation which is causing a good deal of anxiety in the United Kingdom there are indications not only that the U.K. may have to take some kind of action against Canadian and other dollar imports. I hope it will not be done by reimposition of any of the controls from which we have been happily free in the last year or two. Rather I hope that—and this is equally important to Canada—the United Kingdom may feel impelled to move into the orbit of the common market. Certainly the information that one gets from the press is that the association of the United Kingdom with the common market is now being more closely considered than before. I know there are difficulties in regard to the United Kingdom coming into the common market; they are mainly difficulties arising out of agricultural trade, but there are ways by which those difficulties could be overcome. If they are overcome, and if the United Kingdom does move across the channel into this market, we would have to be careful indeed of the effect of this on our own interests.

Only this morning, as reported in the New York *Times*, the Lord Privy Seal of the United Kingdom, Mr. Edward Heath, made a statement as follows:

> Edward Heath, Lord Privy Seal, informed the six common market governments—

Presumably this would be yesterday.

> —that Britain was willing to accept a common or "harmonized" external tariff on non-farm goods as part of a settlement.

That had been the key demand of the common market. Mr. Heath went on to say —and these words have a great significance for our country—that this, according to the press, was a fundamental change of principle in the United Kingdom position.

It would be interesting indeed to hear from the government whether they have any comment to make on what a member of the British cabinet called a fundamental change in the British position in respect of association with the common market.

I should like to put a little more of this report on the record because it is of such great significance. The report in the New York *Times* goes on to say:

> Mr. Heath's proposal excluded agriculture. It also apparently left intact the present system of preferential tariffs for goods imported into Britain from the British commonwealth. However, Mr. Heath said Britain would have no objection to a reduction of the preferences her exports enjoy in commonwealth markets if the Six wanted to start negotiations with the commonwealth toward that end.

I cannot imagine anything much more important than that development announced only within the last few days, in British policy toward the common market. There was no reference to this matter by the Prime Minister or the Minister of Finance but it would be interesting to get their comments on it.

It was not long ago that the Minister of Finance expressed great doubt indeed about the United Kingdom association with the common market, and he made some observations which have been interpreted as taking a strong position in regard to any move on the part of the United Kingdom for closer economic ties with the common market. May I say, Mr. Speaker, that a member of the British cabinet has now indicated that those closer ties are about to be negotiated.

Last November, at Ste. Adele, the Minister of Finance had this to say:

> It is difficult for us to see how any accommodation which the United Kingdom might make with the Six could fail to damage to some degree, and perhaps seriously, Canadian interests.

Well, these negotiations are now taking place. The minister went on to say:

> The ability of the Canadian government to maintain existing preferences in the Canadian market in favour of the United Kingdom would inevitably be affected by changes in the access of Canadian goods to the United Kingdom.

This development, which will undoubtedly have significance with respect to the organization about which we are talking about, can be one of great hope, and it can be one of danger to Canada. In my opinion, it involves—and I do not think I am using too strong words when I say this—a challenge to Canada's international economic policies. It seems to me there are four quite distinct lines of approach which a Canadian government could follow in meeting this situation. The first way would be to move in the direction of economic self-sufficiency through increased protectionism. The second way would be to move in the direction of economic integration with the United States. The third way would be to rely on GATT as the foundation of our trade policy and hope to achieve multilateralism in trade through further rounds of tariff negotiations. One of those rounds is under way now, I believe, in Geneva. The fourth way—and the one I think is the best way—is to move toward closer co-operation with Europe with the establishment of an Atlantic freer trade area as a long term goal of Canadian international economic policy to be achieved stage by stage.

So far as alternative one is concerned—and there is some indication that this is the government's preferred way, namely making ourselves economically more self-sufficient, moving toward economic nationalism—that way may provide a tempting short run answer to our difficulties. It may be the way, equally tempting, to Washington; but the experience of the 1930's showed that this

approach is sterile and self-defeating. You get indications of this approach in Washington at the present time in the hearings that are now being held there in regard to the approval of the very organization that we are being asked to approve in this House of Commons, where there is developing very strong opposition, no doubt fomented by certain pressure groups, against the ratification of this very convention.

The second alternative I mentioned was economic integration with the United States. We saw press reports of a proposal made not long ago in Toronto by a former member of the administration in Washington, namely Mr. McElroy, who put this proposal forward as a very responsible and serious way out of our economic difficulties. He put forward what he called a North American common market. The United States today is our most important single customer, of course. But the political and other kinds of anxiety caused by our economic relations with that country are more likely to be intensified than to be weakened and removed through seeking this solution of our increased difficulty with that country alone. That does not mean, of course, that we should eliminate the possibility of the closest possible trade relations with the United States as part of a wider Atlantic association. Indeed, our dependence on the United States would be lessened rather than increased if we could fashion a newer and wider economic association on an Atlantic basis of which the United States would become an indispensable part. While there may be in Washington influences which are leading in the opposite direction on the way to greater economic self-sufficiency, there are also in this new administration in Washington forces which I hope and believe are moving in the direction toward Atlantic co-ordination and freer trade within the Atlantic area.

The third alternative, Mr. Speaker, is reliance on GATT. Of course we ought to take full advantage of any further opportunities we have in Geneva for GATT negotiations and for accomplishing further reductions in tariff. I would be the first to agree that GATT has accomplished a great deal over the years in establishing the rule of law in trading relations, in making tariff increases difficult of achievement and in bringing about more extremely important general tariff decreases. During the post-war period GATT has undoubtedly been the chief instrument in tariff reduction and the liberalization of trade, but the question now arises whether GATT can make much further progress in this direction. In my view, and this will be shown in the negotiations at Geneva within the next weeks and months, a new approach outside GATT, by GATT countries in the Atlantic area, if you like, is required under the present circumstances. A new impetus, approach, or initiative should be taken and that new approach can best be taken by the Atlantic countries.

That brings me to the fourth possibility which I mentioned and which I think is the best possibility, namely that of working toward closer economic association between Europe on the one hand and North America on the other, which should take expression in the freeing of trade to the greatest possible extent stage by stage and steadily over the years on an Atlantic basis. That, Mr. Speaker, is not only the challenge but the hope of the future in international economic policy and I do not think that anything less than that will meet the challenge we face.

I express in this house the hope that the government will use its influence in the organization for economic co-operation and development in order to achieve this particular objective. O.E.C.D. could be the beginning of a new trade grouping to embrace the European economic community, the European free trade area, the United States, Canada and, through special arrangements, other free world countries which would like to join in the association. After all, if the European economic community can make arrangements with respect to countries outside that community in order to bring them in, so also could an enlarged Atlantic free trade area be able to make arrangements with countries outside the area so it would not develop in a discriminatory way, which is something, of course, that should be avoided.

That possibility, and it is a stimulating and exciting one, of something to be achieved in the long run, has, it seems to me, occurred to the Minister of Finance (Mr. Fleming) only to be quickly rejected by him because in his speech at Ste. Adele last November he had this to say:

> When O.E.C.D. is established it will assume the functions of the trade committee. However, this should not be taken to mean that O.E.C.D. represents an accommodation between the North American and European countries, in an arrangement which will discriminate against the rest of the world. On the contrary, the core of the new body's activity will be consultation and discussion of general economic policies within the framework of the GATT and the international monetary fund.

Mr. Speaker, I think we can go further than that in O.E.C.D. and I hope we will do so. In contrast to that very cautious and limited view taken by the minister on that occasion, let me quote what the minister of trade and industry of West Germany had to say on this point of the extension of the European economic community to include Atlantic

countries. Last November Dr. Erhard was interviewed by Bruce Hutchison and he was asked this question by Mr. Hutchison:

> Do you believe the methods of the common market could be extended to include North America in an Atlantic free trade area?

Dr. Erhard's answer was: "In principle, yes". He went on to say that it would have to be brought about in two stages, that first you would have to bring in the European free trade area, including the United Kingdom, and some progress is being made in that direction, and then afterwards North America. He went on to say that Germany would help to make this possible by agreeing to special arrangements to cover commonwealth preferences, which he admitted are a difficulty. He said he believed that it was not only desirable but absolutely necessary for Great Britain to join the European common market. Then he used these words which I think are the heart of the matter:

> It is not a question of finding technical solutions but a political will.

Europe cannot develop toward unity alone. He ended by saying:

> It will be sufficiently strong only within the framework of the Atlantic community.

We on this side, Mr. Speaker, have been advocating consideration of an Atlantic free trade area since the fall of 1957 as a result of important changes which occurred in the world before and after that time. In our view that is the only kind of international economic association which will not only meet the challenge of our own necessity for expanding production and trade but will also meet the economic challenge of the communist bloc.

We have not had much support for that view in the house. It was only a few days ago that the Minister of Trade and Commerce (Mr. Hees) in Montreal jeered at the idea of an Atlantic free trade area in which Canada would be a member. But this, Mr. Speaker, must be the objective toward which we work in the present circumstances. When we put forward this idea it has been laughed at as imaginary, idealistic and unrealistic just as the European common market was regarded ten years ago, but nevertheless some distinguished advocates have come out in support of it. I refer to Mr. Adlai Stevenson, governor Rockefeller, Mr. Erhard whom I have mentioned, the prime minister of Denmark and many other western leaders who have come to the same view. In Canada the Canadian Labour Congress and farm organizations now support the idea of expanding trade on an Atlantic basis.

Surely, Mr. Speaker, Canada has a wonderful opportunity to take the lead in initiating and pushing this idea in this new organization that we will hope to support when the discussion on this resolution is completed. Canada can take a leading part in this organization in the direction I have just outlined. Because the words are more fitting than any I could find to support this idea, perhaps I might quote Mr. Bruce Hutchison in an article on this subject on December 14, 1960, in which he had this to say:

> The lesson of these events—

He is referring to the development of the European economic community and the European free trade area.

> —is perfectly clear. Somehow, without any narrow, doctrinaire logic but with flexible, pragmatic methods and by reasonable stages, the principles that made the European six the most prosperous area of the free world must be spread through the whole North Atlantic community and beyond.

Mr. Diefenbaker: Will the hon. gentleman allow a question? A moment ago he picked up a slip of paper which apparently had on it a statement to which he made reference. The statement was that the Minister of Trade and Commerce had jeered at any proposal for an Atlantic trading arrangement. I wonder whether the hon. member has that slip of paper because I should like to know to what he made reference.

Mr. Pearson: I was referring to a report in the Montreal *Star* of a meeting in Montreal on February 13, about which there was also a report on the radio. It was to the effect that the Minister of Trade and Commerce had criticized a top Liberal spokesman—that was the hon. member for Essex East (Mr. Martin)—for advocating an Atlantic free trade area recently and had said that such an agreement would result in the shutting down of many Canadian factories and mass unemployment. On the radio report there was a good deal of additional detail as to the minister's attitude and what the minister had said, that if we kept pushing this visionary scheme of an Atlantic free trade area we would put people out of work in Canada at the present time and that would be a fine way of curing unemployment. I think that is not an unfair paraphrase of the attitude of the minister.

Of course, the answer to that is simply that this is the kind of thing that will have to be done stage by stage, as I have emphasized, over the years. The same thing could have been said about the European common market ten years ago, namely that if the European countries come together, if they abolish tariffs between them as they are doing, they will put people out of work in their own country. Instead of that happening, they have proceeded stage by stage in the reduction and eventual elimination of tariffs and in the last

two years they have made that area the most prosperous trading area in the world. I suggest the same technique, based on the same principle and applied over the wider Atlantic area might, over the years, have an equally desirable result. This is the time, of all times, when we need that result both nationally and internationally.

This is what Mr. Hutchison said, Mr. Speaker, in one of his articles on this matter and I should like to subscribe to this statement:

> If the process of regional splintering goes on, and the splinters, when formed, restrict one another's trade, then Canada will find itself ground between them.
>
> Our national identity in the end will only be safe within the widest possible grouping of free nations trading abundantly.

Mr. Hazen Argue (Assiniboia): The resolution introduced by the Prime Minister (Mr. Diefenbaker), Mr. Speaker, asking parliament to ratify the organization for economic co-operation and development is undoubtedly an important one and I am sure that it will receive the approval of the members of this house. This organization, as members are well aware, is composed of some 20 countries that will come together under the rules set out in this document to consult and to consider ways and means of improving trading relations, improving the national economy and providing aid to underdeveloped countries.

The purposes of the organization are set forth in part in article 1 as follows:

> The aims of the Organization for Economic Co-operation and Development (hereinafter called the "Organization") shall be to promote policies designed:
>
> (a) to achieve the highest sustainable economic growth and employment and a rising standard of living in member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;

I feel that the impetus for this kind of organization has come largely from the success of the countries involved in O.E.E.C. and the common market. They have shown, by consultation and by common programs, that they have been able to raise their standards of living substantially. The fact of the matter is that their standards of living have gone up at a great rate, so successful have they been in arranging their economic affairs. It has been the lack of growth of the countries on the North American continent that have given the impetus to the development of this kind of organization for consultation and for the drawing up of plans.

The O.E.E.C. has been successful in that the countries comprising this organization have made a marvellous recovery in recent years. I am quoting now from an article in the Regina *Leader-Post* of October 8, 1960 in which is set forth some of the accomplishments of O.E.E.C.:

> As an indication of the growth of O.E.E.C. countries during the 1948-58 period their gross national production has risen 62 per cent, industrial production, 95 per cent, volume of imports from the rest of the world, 56 per cent, volume of exports to the countries of the world 130 per cent, volume of intra-European trade 183 per cent, and population has risen 9 per cent.

There are new developments in Europe today such as the common market and the outer seven. These developments not only show great promise for the countries involved but they pose certain definite dangers for the Canadian economy. I am certain that this kind of organization in which Canada can consult with other member nations can be helpful in working out arrangements so that the welfare of our own nation may be better assured in the years to come. The nations involved in O.E.C.D. comprise not only the nations that belong to NATO but certain additional nations. Over the years many of us have hoped that under article 2 of the NATO treaty economic co-operation and economic arrangements within the NATO organization would be achieved. This development would help the member nations in an economic way. Article 2 has largely been a failure. Economic co-operation has not been forthcoming. NATO has become more and more a military organization and little else.

As a result of the failure of NATO to take advantage of article 2, the organization now under discussion has been made necessary. If O.E.C.D. is a success, as all of us hope it will be, then the more certainty there is that in the years ahead NATO will be a military organization and article 2 will continue to be a part of the treaty that is not being used. I can see definite advantages in the development of O.E.C.D. rather than the development of article 2 under NATO. Nations are coming into O.E.C.D. that are not attached to NATO. It has been said that such countries as Yugoslavia and Finland are showing an interest in O.E.C.D. They wish to become connected with this organization, either in the capacity of observers or associate members.

I feel that such an organization is much more likely to make a contribution to the peaceful relations of the world than would be possible under NATO. I think O.E.C.D., in the provision of economic aid to member nations or to nations outside of the organization, is much more likely to be successful than is the NATO organization in the provision of this economic aid. After all, the underdeveloped countries of Africa and Asia have felt that NATO was a strictly military organization and to accept any assistance from this organization would make them a part of the

cold war struggle. These nations, in our opinion, are much more likely to accept aid from O.E.C.D. We feel, therefore, that this is another reason why this organization deserves the support of all members of this house.

I feel that we should be making a mistake if we believed that the establishment of this organization would correct some of the great trading problems that face this nation or correct some of our own internal economic problems. After all, this organization is just a consultative organization. There are no economic agreements flowing from this organization. Within this organization there is no plan for more trade or for the solving of unemployment. There is merely at this time machinery for consultation and the establishment or continuation of a large number of committees that will look into various economic questions. Mr. Speaker, I think we should be all the more interested in the purposes of this organization because it sets as one of its purposes the maintenance of a high level of employment. Certainly Canada needs a high level of employment at this time.

Perhaps through this organization the government can learn ways and means of dealing with the economic problems that face our nation both internally and in the field of international trade. I do not believe there is in the present constitution any provision for a consultative assembly or for a parliamentary organization. I think a consultative assembly or a parliamentary organization would be a useful addition to the committees that are established under this treaty. I would hope that in the days ahead as the organization unfolds and develops there may be a consultative assembly to which parliamentary representation may be made.

We are greatly interested in the effect of the common market on Canada. We are interested in finding out if we can the Canadian government's policy in relation to the common market. We were disturbed when, the government of the United Kingdom having offered to Canada the possibility of establishing a free trade area, our government shied away and refused to come forward with any policy as far as the development of a free trade with the United Kingdom was concerned. The common market poses a threat to Canada. The nations in the common market have been taking, over the years, some 30 per cent of Canadian exports. Our markets for these exports on the common market are not assured and there seems to be every possibility that the United Kingdom in the days ahead might join the common market. If this should happen it will pose a very serious threat to Canadian exports and to our Canadian economy.

At this time the development of widespread consultation among the nations of the Atlantic community is necessary. We think this organization can play a useful role. We look forward to the reduction of trade barriers in this larger group of nations. We think that the destiny of Canada depends to a large extent on the expansion of trade, and the expansion of exports to the various nations of the world. We believe that within this organization we can expect that there will be an improvement in trade relations among the nations concerned. We welcome the resolution and we shall lend our support to the establishment of this organization. We do point out that it is merely a consultative organization and that for the development of the Canadian economy our government must develop new and concrete policies, to which this organization at this time will be of very little help.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, this resolution requires parliament to ratify an agreement which will bring into existence a new organization to be known as the organization for economic co-operation and development. This new organization will replace a somewhat similar organization which was established I believe in 1948. As you look over the membership of this organization you will find that probably the main difference between the new organization and the old one, which was known as the organization for economic co-operation, is that the organization which will be set up in consequence of this resolution will consist of 20 members instead of 18. The two new members that will be added are Canada and the United States.

The aims of this new organization are highly commendable. They are set forth in article 1 as follows:

> (a) to achieve the highest sustainable economic growth and employment and a rising standard of living in member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;
>
> (b) to contribute to sound economic expansion in member as well as non-member countries in the process of economic development;
>
> (c) to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

These are worthy and challenging objectives but whether they will be attained or not will, in my opinion, depend on the willingness of the member countries to commit themselves to a greater measure of co-operation and even sacrifice than has been evident in the past. If we look at those membership countries we find that 13 soon found it necessary to form smaller groups outside

the main organization. We have six of them banded together in what is known as the European common market or the inner six. Seven more of them are banded together in the European free trade association—

Mr. Grafftey: Tell us something new.

Mr. Carter: —commonly referred to as the outer seven. The fact that this large group of nations had to break up into smaller groups is, I think, evidence that they were unable to solve their most pressing problems as members of that larger group.

As we look back over the history of trading groups the prospects are, in my opinion, not too optimistic.

Mr. Grafftey: The Liberals are never optimistic, are they? They are pessimistic, in fact.

An hon. Member: Une malade.

Mr. Grafftey: Yes, une malade.

Mr. Carter: My hon. and juvenile friend is entitled to his little joke and I should not wish to interfere with his fun at this moment. However, this is a rather serious topic and I am trying to deal with it in a serious manner.

Hon. members will remember that not very long ago the government of Canada was criticized for adhering too rigidly to what is known as GATT. As has already been pointed out this evening, GATT obtained a good many benefits for its member nations but it fell far short of what was expected of it. It fell far short of expectations because it contained a good many loopholes and too many member countries were willing to take advantage of the escape hatches.

We can also think back to the North Atlantic Treaty Organization. There were hopes that once NATO had completed its organization to deal with immediate defence problems it would then develop into a trading community. That hope also has been dashed. If we wish to come nearer home I suppose we only have to think back to NORAD, because I do not think any member of this house will assert that, as far as sharing of defence production is concerned, the NORAD agreement has fulfilled our expectations. Therefore I can assure the hon. member for Brome-Missisquoi (Mr. Grafftey) that history is not too reassuring on this particular point.

These high hopes we had in the case of GATT, NATO and NORAD have foundered, and they have all foundered on the rock of self-interest. If this new organization which we are discussing today is not to meet the same fate, we must find a purpose greater than self-interest on which every member country can unite and to which every member country can commit itself.

This afternoon the Prime Minister (Mr. Diefenbaker) said it was his hope that through this organization member countries would make a full contribution to a world community. I am sure we all share that hope, but let us not deceive ourselves that this objective is going to be accomplished merely by setting up another organization. If there is any comment to be made I think it should be that perhaps we have too many organizations overlapping and all trying to do the same job. Perhaps it is a case of too many cooks spoiling the broth.

Let us not forget this point. If this organization is to fulfil our hopes in making the fullest contribution to a world community, in the final analysis the matter boils down to individuals. First of all it boils down to the people who are responsible for the industry and commerce of the member countries. Many of the nations included in this membership, particularly Canada, the United States, the United Kingdom, west Germany and others are countries which are pledged, at least politically, to a system of free enterprise. It means that those who are responsible for the workings of free enterprise in our country and in other countries must themselves find a purpose greater than self-interest.

Free enterprise has a great many good points. It has developed mass-production techniques. It has produced a quantity of cheap goods and made them available on a wide scale to many people at reasonable prices. It has encouraged a spirit of adventure and the development of genius and invention. These things are all good, but let us not forget that free enterprise also has its faults. While it has accomplished much, it has also led to labour troubles, to bitterness, to class war, and in many cases to a misuse of materials and of natural wealth.

Mr. Grafftey: Mr. Speaker, would the hon. member permit a question?

Mr. Carter: Not right now, thank you.

Mr. Chevrier: The hon. member received the answer he deserved.

Mr. Grafftey: I don't blame him.

An hon. Member: He could not answer.

Mr. Grafftey: He is not very fast-thinking on his feet; I don't blame him.

Mr. Deputy Speaker: Order.

Mr. Carter: I think we must examine our free enterprise system and be prepared to put right many of the things that are wrong with it. Perhaps that process may go much

deeper than we realize at the moment and in the final analysis it will boil down to individual decisions that in one way or another affect our self-interest.

While we support this resolution and hope that all the benefits that can flow from this new organization will be realized, let us not lose sight of the fact that the prerequisite for that success is the finding of a purpose higher than self interest on which we can all unite to give everything we have and which we all can pursue with full commitment.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I have no intention of speaking at length at this point but the hon. member who has just taken his seat has made one statement—consciously or subconsciously—

Mr. Hodgson: Unconsciously.

Mr. Grafftey: —which I personally cannot let go by. The hon. member said that the free enterprise system in Canada had created class warfare. That is an utterly ridiculous statement. If there is any one thing that this country has lacked in its historical and economic context, it is class warfare.

Mr. Carter: Mr. Speaker, I rise on a point of order—

Mr. Grafftey: This government has keynoted co-operation between industry and labour and we have no class warfare whatever.

Mr. Carter: Mr. Speaker, on a point of order—

Mr. Deputy Speaker: Order. Is the hon. member for Burin-Burgeo raising a point of order?

Mr. Carter: Mr. Speaker, I must object to the hon. member's putting into my mouth words which I did not utter.

Mr. Deputy Speaker: I suggest to the hon. member for Burin-Burgeo that if he feels he should correct a misinterpretation placed on his remarks, the time at which to do so would be when the hon. member from Brome-Missisquoi has completed his remarks. The hon. member cannot interrupt the hon. gentleman who has the floor.

Hon. Lionel Chevrier (Laurier): On the point of order, Mr. Speaker, which has been raised by the hon. member for Burin-Burgeo—

Mr. Grafftey: I have not finished my remarks.

Mr. Chevrier: —I think it is within the right of an hon. member to explain what his statement was if he thinks that another hon. member is misinterpreting the statement.

Mr. Deputy Speaker: I feel exactly as does the hon. member for Laurier except that I suggested that the right time for the hon. member for Burin-Burgeo to raise this point of order was after the hon. member for Brome-Missisquoi had completed his remarks.

Mr. Chevrier: With respect, Mr. Speaker, I disagree with your ruling.

Mr. Deputy Speaker: That is my interpretation of the rule.

Mr. Chevrier: Mr. Speaker, I wish to discuss this point and I hope Your Honour will allow me to do so. In discussing it I want to say this. It is permissible for an hon. member to rise at the time another hon. member rises to point out the difficulty in which the statement made by another hon. member—in this instance by the hon. member for Brome-Missisquoi—places him.

Another matter I should like to bring to Your Honour's attention is this. The discussion in which the hon. member for Brome-Missisquoi has engaged is not relevant to the resolution which is before the house.

Mr. Deputy Speaker: That is another point of order and perhaps we should settle one point at a time. The hon. member will be familiar with standing order No. 37 (1) which reads as follows:

37. (1) No member may speak twice to a question except in explanation of a material part of his speech which may have been misquoted or misunderstood—

I believe it has been the constant practice in the past to hold that the time to take advantage of this rule is after an hon. member has resumed his seat. Otherwise he would go against the rule that nobody shall interrupt any hon. member who has the floor without first obtaining the hon. gentleman's permission.

Mr. Chevrier: I disagree with Your Honour, respectfully.

Mr. Deputy Speaker: I would indicate to the hon. member that he cannot express his disagreement in this way.

Mr. Chevrier: I do not think it is against the rules, sir, to do what I have done. If I have transgressed against the rules, I wish Your Honour would point out to me wherein I have done so.

I am rising at this time on the other point of order which I raised a moment ago, namely that the matters the hon. member for Brome-Missisquoi has been discussing are not matters which are relevant to the resolution now before the house. I hope Your Honour will see fit to apply the rule in so far as that matter goes.

Mr. Deputy Speaker: I agree that if the hon. member for Brome-Missisquoi continued for long in the vein in which he started he would be out of order; but it is customary, I think, to allow an hon. member to reply to a statement made by a previous speaker. If the hon. member were to discuss only this point, he would be out of order, of course; but I think he should be allowed at this time to comment on the statement made by the hon. member for Burin-Burgeo.

Mr. Carter: On the point of order, Mr. Speaker—

Mr. Graffiey: Mr. Speaker, I had the floor—

Mr. Carter: Mr. Speaker,—

Mr. Graffiey: I believe it is the rule that I should be allowed to continue. I have the floor, Mr. Speaker.

Mr. Deputy Speaker: I recognize the hon. member for Burin-Burgeo.

Mr. Carter: Mr. Speaker, I can quite understand that it would be right for the hon. member to comment on a statement that I made, but is it in order for the hon. gentleman to comment on a statement I did not make?

Mr. Deputy Speaker: The hon. member for Burin-Burgeo will have his opportunity to discuss that matter, but that is not a point of order.

Mr. Graffiey: I am not rising on a point of order, Mr. Speaker. I am rising to conclude the brief remarks I started to make. I believe that when the record is read tomorrow what I am saying will be borne out.

The hon. member who has just taken his seat said that the free enterprise system has produced class warfare, period. The record will show that tomorrow.

As a Canadian, I say that one of the reasons why I am proud to live in Canada is that we do not have class warfare and this is owing to the co-operation that exists between labour and industry. I believe that an irresponsible statement such as that made by the hon. member is ridiculous in the Canadian context and must be refuted. I will not talk about party politics at this moment. I would say that this state of affairs exists and has existed under all governments, including the present government and the past government. For the hon. member to suggest that class warfare exists in our country, is, in my view, both ridiculous and unhelpful.

Mr. Hodgson: The hon. member said it.

Mr. Carter: I was speaking without notes, Mr. Speaker, but I know what I said. I did not say that the free enterprise system produced class warfare in Canada. I was speaking generally in the historic sense and indicating that from the advent of free enterprise in different parts of the world where the free enterprise system is operating class warfare had developed. My hon. friend took my words and applied them to Canada only.

Mr. Hodgson: The hon. member had better move over among the socialists.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I also intend to support the resolution now before the house. However, I should like to make some brief observations in this respect.

I agree with the statement made by my leader to the effect that this new organization for economic co-operation and development will in effect replace article 2 of NATO.

In this house and the other place we have an organization known as the Canadian NATO parliamentarians' association. I believe it would be proper if that association would reconstitute itself in order to be known as the Canadian NATO parliamentarians' association in support of the aims and ideals of O.E.C.D. because the association was originally organized to lend support to the implementation of article 2 of NATO. That association ought now to be reconstituted as an association in support of the furtherance of the aims of O.E.C.D. However, my main reason for rising is that I have given considerable thought to article 1 of the convention. Article 1 lists the aims of the organization for economic co-operation and development. Aim (a) reads:

> To achieve the highest sustainable economic growth and employment and a rising standard of living in member countries, while maintaining financial stability, and thus to contribute to the development of the world economy.

It is my contention that at the same time as we are being asked to subscribe to this convention our government stands guilty of a violation of the very first aim listed in the convention, because no one can claim—and I do not think the government would do so—that we have reached anywhere near the highest sustainable economic growth in our nation. We are simply marking time in our national productivity. Canadian agriculture is even being advised to produce less. Canadian industrialists are working not around the clock but on short weeks. They are locking up their plants for as long as one month, ostensibly for purposes of retooling. Many of our industries are locked up completely. If, as the convention says, Canada is to contribute to the development of the world economy, we certainly will be unable to do so if we continue to insist that we can afford

to have over half a million unemployed in our country and if we can have Canadian agriculture producing at a rate much below its capabilities.

I find it a little hard to agree to a convention when I realize that we are violating the very first aim listed. Let us look at the next aim listed. We are pledged:

To contribute to sound economic expansion in member as well as non-member countries in the process of economic development.

We note, as do many Canadians, with regret that our government is reducing its annual contribution to the development of the underdeveloped areas of the world. I believe our contribution this year is less than it was last year by a number of millions of dollars, and we certainly are guilty of not obeying the spirit of this aim either.

Under the last aim listed in article 1 we pledge ourselves:

To contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

The Minister of Finance (Mr. Fleming) has before the house a resolution which will in effect increase Canadian tariffs on imported goods. How that ties in with asking us in the same week to subscribe to a convention in which we pledged ourselves to make our contribution to the expansion of world trade on a multilateral basis is difficult indeed for me to understand. In one item of legislation we are asked to increase tariffs. In the next item of legislation we are asked to give our pledge that we will encourage expansion of world trade on a multilateral basis.

May I return for only a moment to our pledge under aim (b). I have a return which was supplied to me in the House of Commons on November 23 last. I asked this question:

As of December 31, 1959, what was the estimated extent of foreign investment in Canada, and what was the estimated extent of Canadian investment outside of Canada?

The answer I received reads as follows:

As of December 31, 1959, the value of foreign long term investments in Canada is estimated at $20.7 billion and the value of Canadian long term capital investments outside of Canada is estimated at $5.5 billion.

We are importers of capital at a time when we are pledging ourselves to do what we can to make investment capital available in greater amounts to other nations of the world.

I have also a list, in a reply I received on the same day, of our contributions abroad, and it states that in 1959 the federal government gifts abroad totalled $71 million and federal government loans abroad totalled $1.4 million, apart from an increase in Canada's quota in the international monetary fund involving payments of $239 million including $177 million in notes.

[Mr. Regier.]

I notice in the annual report of the international development bank that for every $1 that Canada has invested in the international development bank, as a result of that investment $2 was spent in Canada for the purchase of Canadian goods. If we want to make our economy move, international aid is one way of doing it; it is one way of making our economy healthy and causing it to move ahead. This money is not lost to us; it is not lost to our economy. The supplying of international aid creates employment for Canadians here in making the capital goods that the underdeveloped nations of the world need.

I notice that for every $1 invested by the United Kingdom in the international development bank, $3 worth of goods were purchased in the United Kingdom in connection with the project for which the invested money was used. It is therefore good business, and an aid to our economy, for us greatly to enhance our overseas assistance. I hope the day is not far distant when Canada will meet the recommendations of the United Nations in this respect and that we shall decide to aid underdeveloped nations at least to the extent of one per cent of our gross national production. At the present time our rate is less than one fifth of one per cent and yet we are potentially the richest people on earth and our standard of living takes second place only to that of the United States. In gifts abroad we ought to be spending, or we ought to have spent in 1959 a minimum of $345 million rather than $71 million. That would have been one per cent of our gross national product.

As I said before, I regret to note that this year the government is planning on doing even less than it has been doing in the last number of years, and that the estimates have been reduced in this regard. Therefore, I feel that when we are asked to subscribe to a convention which lists aims (a), (b) and (c) we ought not to have to admit to ourselves that we stand already in violation of these three aims. If we are going to have unemployment, if we are going to have curtailed production, we will not have the wealth that is necessary for us to make our proper contribution on the world scene today. In addition, if we are going to raise our tariffs we ought not to pledge that we are going to support increased multilateral trade among the nations.

Hon. Paul Martin (Essex East): Mr. Speaker, I am sure the house will agree with the Prime Minister (Mr. Diefenbaker) that the matter which he has presented to the house today, is one that possesses at least a great potential importance. If the expectations for

the new organization embraced in the convention which we are asked to adopt, should be realized, it could mean a great deal not only for the United States, Canada and the other 18 member states of the organization but also, from the point of view of an intensification in the political and economic unity of Europe and, as suggested by the Leader of the Opposition (Mr. Pearson), I would hope a much wider area covered by the phrase, an Atlantic freer trade grouping of nations.

But in supporting the resolution in its present form I think we must not make the mistake of attributing to it qualities that it does not possess. Undoubtedly many did expect and anticipate for this organization a greater flexibility in its provisions; and on that account a greater effectiveness in dealing with the problem it was designed to meet. That problem, as I see it, concerns the enabling of certain countries not members of the two existing European economic blocs to enjoy a liaison in the first place with those two blocs, and in the course of time to evolve an arrangement which will permit the non-participating nations to enjoy satisfactory trading relations with the common market and with the European free trade association.

Undoubtedly what Mr. Dillon had in mind a year and a half ago was to provide through O.E.C.D. a nexus or a liaison between the common market in particular and the United States and Canada. To the extent that his efforts have succeeded I think we owe him a great debt for the successful negotiations which may largely be attributed to his efforts. These negotiations began when he was under secretary of state and were achieved when he became secretary of the treasury in the government of the United States.

I think, however, in order to understand fully the merits and weaknesses of the convention, as it is now presented, one must look at the Canadian scene. Certainly if we are to judge it at all, we must judge the convention first of all in terms of our own interests and then, of course, in terms of its effectiveness in meeting a problem that engulfs all the free nations at this critical time in the history of the world. The fact is that very real dangers do exist under present world trading arrangements. If we in Canada are to avoid these dangers it is absolutely essential that our policies be clearly outlined for all the world to see.

I think we may well ask the government today, what is Canadian policy in this regard at the present time? Are we consciously moving toward greater protectionism with the intention presumably of becoming economically self-sufficient or more economically self-sufficient? Are we still in favour of a freer multilateral trading world or are our policies directed toward closer economic integration with the United States? The Minister of Finance (Mr. Fleming) in the public pronouncements he has made from time to time has given us reason to believe that government policy with regard to the responses to these three questions is ambiguous. I have before me a statement made by a distinguished and intelligent Canadian businessman who has expressed his concern in this regard. I refer to Mr. R. H. Fowler of Montreal who said:

> It is difficult to discover, except in most general terms, what Canada's attitude is toward the common market and the outer seven trading blocs in Europe. I suggest that, wherever you turn in this field, there is uncertainty and vagueness both in official Canadian policy and in private industrial attitudes on trading questions.

Mr. Fleming (Eglinton): What was the date?

Mr. Martin (Essex East): This was last fall. I continue:

> Whatever the democratic processes are that should operate to develop national trading policies, they do not seem to be working very effectively in Canada at the moment.

This complaint of Mr. Fowler is not a single complaint. It is to be found not only in the positions taken by parties in this house but in the positions taken by businessmen and others throughout the country. One minute we are led to believe that the Minister of Finance is against the common market in Europe; and if we are to judge from the speech he made at Ste. Adele as reported by the Canadian press on November 18 there is no doubt that what he has said on some occasions in Canada is consistent with the attitude that he was reported as having taken toward the common market in his discussions with the chancellor of the exchequer a few months ago in the United Kingdom.

Mr. Chevrier: That was a remarkable speech he made.

Mr. Martin (Essex East): If we examine the speech made by the Minister of Trade and Commerce (Mr. Hees) about ten days ago in Montreal, we will find that he too, although he is Minister of Trade and Commerce, has his doubts about the common market, about a multilateral trading world, and about the desirability of removing economic discrimination, although we learn from the morning papers today that his deputy minister, in a speech delivered yesterday in Montreal, took the position that these things deserve our careful attention. Indeed, as I intend to show before I conclude, the deputy minister of trade and commerce regards the common market as both an opportunity and a challenge for Canada. The Minister of Trade and Commerce, of course, notwithstanding the fact that he was one of the co-signatories to the

convention on behalf of Canada, I believe, looks upon these instruments, according to some of his pronouncements, as media that should not be encouraged by Canada.

Undoubtedly the common market does hold dangers for Canada in terms of some of its trading aspects. Certain of our goods undoubtedly will suffer in the short term. In the long term certain of our products will stand to obtain an advantage. But this much is clear. Having in mind the problems that beset the western world at the present time, involving conflict with the tremendous economic drive that the Soviet union and its satellite powers are making, we cannot help but encourage any effort that seeks to bring about the unification of Europe, something that we have been striving for in the western world since the end of the first world war, and which Mr. Churchill himself said was an essential element in the foundation not only of European unity but also of world peace.

A few moments ago I put forward some questions with regard to Canadian policy at the present time. I suggested that the answers to three questions are varied, depending upon which speech is made by which minister in which month and on which occasion in which country. The fact is that before we can have a clear policy we must have certain objectives. I suggest to the house that there are three broad objectives which Canada must pursue if we are to meet our challenges in this shrinking world. We must have economic growth and stability in Canada, unfettered by the threat of economic domination from the United States or, for that matter, from any country. We must assist other countries of the free world in achieving economic growth and stability in order that we may meet the east-west challenge. We must do everything within our power to assist the underdeveloped nations of the world to raise their economic development under freedom in order to meet the north-south challenge.

Undoubtedly, the greatest threat to our trading interests is the growing trend toward regionalism, whether it be in Europe or Latin America or even the attempts at certain regionalism right on the North American continent itself. But be that as it may, we cannot overlook the fact that certain developments of the greatest consequence have taken place in Europe. I refer to the Six and the Seven. We cannot stand still in these currents, no matter what the Minister of Finance (Mr. Fleming) may say or may have said. I feel that the direction in which we should be proceeding is clear. We in North America must work to associate ourselves with the unity of Europe, and not only with the unity of Europe but with the unity of nations that are like-minded and are prepared to share in the building of that unity.

This is what the Leader of the Opposition (Mr. Pearson) had in mind today. This is what he had in mind when, on other occasions, he has spoken about the desirability of expanding the unity that now exists in such blocs as the common market to take in other Atlantic countries and even to go beyond that, by embracing countries like Australia, New Zealand, Japan or any other country that is prepared to recognize the essential requirement for economic and political peace at this time, through multilateral trade arrangements. When the Leader of the Opposition spoke on this theme last March he concluded what he had to say by observing, "One thing is certain: If we want to become more independent and less dependent, then we must become more interdependent."

I am not so naïve as to fail to recognize that there are difficulties in building such an area as an Atlantic free trade area. This is not the same thing as the common market. This is not the same thing which Mr. McElroy, the former secretary of defence in the United States, proposed in Toronto a short time ago when he proposed a common market between Canada and the United States. I am not talking about that matter, and that is not what the Leader of the Opposition was talking about. That is a special arrangement that would have to be examined with the greatest care, having in mind the interests of all parts of the two countries concerned. But if we are going to take into account the implications of the cold war now, we must recognize that if the free nations are to face increasingly severe economic competition from the Soviet bloc they must proceed along the lines suggested by the Leader of the Opposition today and on other occasions, both in this house and elsewhere.

The statement today by the Minister of Finance makes it apparent that there is not full agreement between what he had to say and what Mr. Dillon said, when the latter appeared before the Senate of the United States on February 14 last. This may result from the fact that Mr. Dillon was confronted with a particular problem in that country in connection with ratification, and found it necessary to give an emphasis which the Minister of Finance did not give today. It is only fair to say, however, that while I do find a different emphasis in the statements made by Mr. Dillon and the Minister of Finance, both are agreed on the threefold objective of O.E.C.D. They agree that it will be a major forum for efforts to harmonize financial and economic policies for the growth

and stability of most of the industrialized nations of the world whose economic behaviour significantly influences the course of the world economy and the trend of international payments. Second, it will provide a solid framework for intensive and frequent international consultation on the financial and monetary policies which must be pursued in order to achieve and maintain a better balance in the international payments position.

By the way, Mr. Speaker, that is one of the main arguments the United States officials offered to congress with regard to this matter, because O.E.C.D. confers on the United States a better chance of maintaining a balance in the international payments position which confronts that country. I suggest to the Minister of Finance that that may well be one of the reasons, apart from the general reasons I have given why Canada should want to see this particular convention ratified early.

Third, the secretary of the treasury points out that O.E.C.D. will bring into being an organization of vital importance for assisting, on a co-operative basis, the development of the countries of the world. The last objective is an important one, because there are certain nations now, notably West Germany and Japan, which do not contribute to the underdeveloped countries anything like the extent which their own economies would justify and permit. The United States and Canada have been, I believe, relatively generous in the assistance they have provided bilaterally to the underdeveloped countries of the world through the Colombo plan. I do not for one moment say that there is not more that we could do. But other countries, likewise, have an obligation, particularly certain of the European nations, and that obligation is imposed on them not only in relation to the particular countries with whom they have had an historic commercial connection, but in relation to the underdeveloped countries of the world as well.

Is O.E.C.D. to completely replace the implications and the intentions originally provided under article 2 of the North Atlantic Treaty Organization? It is now a matter of record that the United States regards NATO as essentially a defensive organization. I share fully the view of the Leader of the Opposition that strong and continued support must be given to NATO in the critical situation that confronts us at this time. Instead of lessening our support for NATO in any way, we must make every effort to make NATO a stronger organization to meet the challenge presented. There can be no shirking of our responsibilities in NATO, but we in Canada believe that NATO would be a stronger organization if more attention had been paid to the directions of article 2 in that treaty and if there had been some recognition and some acknowledgement made by the United States, that one of the ways of building up a strong political defensive alliance was to recognize that all nations in that alliance had not only political but economic problems, economic objectives and economic concerns as well. It is suggested now, because of the sponsorship of O.E.C.D. by Mr. Dillon, that what the government of the United States really proposes is that whatever might have been done under article 2 of the NATO treaty might now be done under the new organization, namely O.E.C.D. It is suggested that NATO's economic role now is as dead as a dodo. That is the current opinion of some in Washington.

It would be well if we had from the Minister of Finance (Mr. Fleming) some assurance today in that regard. How does the United States look upon the O.E.C.D? Does it look upon it as a means of escaping the clear desirabilities in article 2 of the North Atlantic Treaty Organization? It may be that, because the new organization will cover a number of countries not in NATO, such as Ireland and Spain, the intention is to create a much wider constituency of interest, and to see that the aims originally intended to be covered are embraced by O.E.C.D. itself.

Mr. Speaker, it is true that the new organization is to have an executive, the secretary general, who many in this house know in the person of Mr. Kristensen, the former distinguished minister of finance in Denmark, and a former professor of one of that country's illustrious universities. I am sure the Minister of Finance was justified in saying that there is perhaps no man in this particular field better endowed and likely to be more dedicated to the prosecution of the objectives of O.E.C.D. But I think that we must take into account certain facts, and those facts are that the new body has no new executive and will have few fixed obligations. It will be less powerful than O.E.E.C. although I fully agree with the Minister of Finance that Canada and the United States have the right to participate much more directly in the new organization than they did in O.E.E.C.

However, one of the reasons that O.E.C.D. will be less powerful is the reluctance of France and the United States to co-ordinate their economic policies fully with other countries.

The minister said nothing about this matter in his statement today. He did not tell us that the agreement before us represents a compromise which, in the view of the United States government, would not compel the

government of that country to co-ordinate its actions with others except when it wanted to do so. That lack makes the organization at least in its present constituent terms less powerful and less effective than was the case when the full form and the full plan had been exposed to the world about a year and a half ago by Mr. Dillon himself.

One may join with other members, such as the one who has just spoken, in asking if we are now to ascertain from this new organization that there will be imposed on governments the aim to achieve the highest sustainable economic growth and employment and a rising standard of living in not only member countries but in one's own country. We have had no evidence from the government today of its determination to provide for an increase in the standard of living or to provide for a reduction in the unemployment which confronts our country in more serious proportions now than it does any one of the other 19 members of this organization. We have not heard a word about this matter from the Minister of Finance today. The Minister of Finance of course dodges this question continually. He has been dodging now for almost two and one quarter months. In his baby budget he made only one proposal which was designed to relieve unemployment. I refer to the provision for double depreciation in what he calls chronic unemployment areas and what I call depressed areas.

Some hon. Members: Order.

Mr. Martin (Essex East): My hon. friends say order. If we are going to provide for improvement in employment conditions in member countries of O.E.C.D. the way to do that most effectively is to give an example by doing that very thing here at home.

We have heard nothing from the minister today about that most remarkable statement made by the Minister of Trade and Commerce (Mr. Hees) on February 13.

An hon. Member: Where is he?

Mr. Martin (Essex East): I should think that the Minister of Trade and Commerce, as one of the signatories, would have participated in this debate. He may have some preoccupation in the public interest that takes him elsewhere. But it is inconceivable that the Minister of Trade and Commerce—one of the men who signed this particular document on behalf of our country; one who criticizes the common market; one who criticizes a freer political trade area—does not make a statement about this important matter now before us. He more than anyone else has a definite responsibility to do so. I am glad to place his statement of February 13 alongside that of his deputy minister which is as follows:

> The European Economic Community poses both 'a great challenge and a great opportunity for Canadian business', James A. Roberts, federal deputy minister of trade and commerce declared here yesterday.
>
> The challenge for Canada, Mr. Roberts claimed, consisted of maintaining access to the common market on terms "at least as favourable" as those enjoyed presently in the individual markets of the six nations comprising the E.E.C.
>
> This, he said, would enable Canada to share fully in the benefits of the economic development and market growth of what already "is the world's largest trading unit".

This statement appears in today's Montreal *Gazette*. One of the main reasons for the establishment of O.E.C.D. is to provide liaison for Canada and the United States to the common market; posed in these challenging terms by the deputy minister of trade and commerce and repudiated by his own minister on February 13 last. But, of course, we were not reminded of these things today by the Minister of Finance.

Article 6 of the treaty provides for the procedures in connection with the adoption of recommendations and the making of decisions. Unless the organization otherwise agrees unanimously for special cases, decisions shall be taken and recommendations shall be made by mutual agreement of all the members. It is true that no decision shall be binding on any member until it has complied with the requirement of its own constitutional procedures, but the other members can agree that such a decision shall apply provisionally to them. Nevertheless, if a nation wants to do so it can veto a decision of the organization or of the council. The Minister of Finance should tell us whether this is simply to be an organization—

Mr. Chevrier: He will not do so.

Mr. Martin (Essex East): —of sovereign states exercising their sovereignty in every instance based on national considerations and not on the interests of the 20 members of the group.

Mr. Benidickson: And related to GATT.

Mr. Martin (Essex East): And related to GATT. On the positive side we were told by those who took part—I refer to Mr. Ball in particular—in the discussions in the United States senate; that the Kennedy administration attaches the utmost importance to O.E.C.D. because it gives the United States the chance to participate as of right in discussions between the members of the common market and the Outer Seven, and to engage in those discussions in a way that will prevent the two rival groups in Europe

from settling their differences by arrangements that would damage the interests of the United States. Second, the United States wants it to be a forum. We agree with that view. There should be a place for consultation and discussion.

But if the organization is going to be restrained in the sense in which the words now provide, then the hopes for this organization as contained in the statement of the Minister of Finance are not justified; that is, that this organization could well become historically almost as important as NATO itself.

Mr. Fleming (Eglinton): Who said that?

Mr. Martin (Essex East): He said this organization could become—

Mr. Fleming (Eglinton): Mr. Speaker, may I ask the hon. member who said that?

Mr. Martin (Essex East): The Minister of Finance.

Mr. Fleming (Eglinton): The Minister of Finance said no such thing.

Mr. Martin (Essex East): The Minister of Finance was misreported again.

Mr. Fleming (Eglinton): I have been misreported again by the hon. member for Essex East (Mr. Martin), as usual.

Mr. Martin (Essex East): This organization could become almost as important as NATO, if there were a measure of flexibility, that would permit all nations to take into acount the collective interest rather than merely the interest of any one particular country. As the United States is the most powerful country in the whole group, assurances from that quarter would have a very salutary effect. I am sure that Mr. Dillon would like to give these assurances, but he is faced in his own country with a situation that I suppose does not lend itself to any effort on his part to make this constitutional arrangement in O.E.C.D. more flexible than is now the case.

I say to the minister that this is in principle a desirable convention. We will support it because it does lay the foundation of an organization which can lead the western world, and, we hope, other countries as well in the kind of direction that will provide a background for political stability and peace in the world. But the organization as at present constituted does not fully warrant that expectation in its present terms alone.

I say to the Minister of Finance that the position of Canada in putting forward this convention would be stronger if the government itself had today given us its clear views about the common market, and about what we may expect from it both in terms of positive and negative results. If we had received from the Minister of Finance himself the kind of leadership in regard to this matter which every other western country except Canada has given, I am sure the strong sponsorship which he has given to this resolution today would have been accepted without any criticism whatsoever.

The trouble with the Minister of Finance is that he is never prepared in this house to say what he is reported as having said outside this country.

Mr. Chevrier: Hear, hear.

Mr. Martin (Essex East): What he said in England is not what he said today.

Mr. Fleming (Eglinton): It certainly is.

Mr. Martin (Essex East): The minister says, "It certainly is". What he said today is not what he said the other day at Ste. Adele—

Mr. Fleming (Eglinton): Of course it is.

Mr. Martin (Essex East): —as reported in the Toronto *Telegram,* his own paper, of November 18. But in spite of all the shortcomings of the Minister of Finance, we welcome the positive advantages of this convention.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Yes.

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

Motion agreed to.

Some hon. Members: Ten o'clock.

Mr. Speaker: Is it agreed that I call it ten o'clock?

Some hon. Members: Agreed.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire from the house leader what the business is for the rest of the week, and perhaps when announcing the business we might have some indication of what we will be doing on Monday.

Mr. Churchill: Tomorrow we should like to start with a resolution dealing with amendments to the pension bill. The resolution will appear in *Votes and Proceedings* tomorrow. If the house will consent, with that short notice, to accepting the resolution, which is necessary because certain financial obligations are incurred by reason of the amendments, we could proceed with the pension bill itself, which is the first item on the order paper.

The pension bill would then be considered in committee of the whole house, at which time I will move amendments in accordance

with the recommendations made by the standing committee on veterans affairs. If that item is completed, we will then take up item No. 11 on today's order paper, which is the continuation of the debate on the resolution introduced by the Minister of Agriculture dealing with agricultural development.

On Thursday we would commence with the budget resolutions. If they are concluded during the course of that day we would then take up the estimates of the Department of Agriculture. On Friday we would deal with the estimates of the Department of Agriculture. Monday would be private members' day.

Mr. Chevrier: It was brought to my attention just before the house leader announced the business that there was some difficulty in connection with the amendments to the pension bill. I can assure the house leader at once that we on this side of the house give our consent to considering the bill as has been outlined.

Mr. Herridge: Mr. Speaker, this group is also very willing to agree to the minister's proposal in this respect.

Mr. Speaker: In view of what has been said, would the house wish to now order that short notice be accepted tomorrow?

Some hon. Members: Agreed.

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

APPENDIX

STATEMENT BY RIGHT HON. JOHN G. DIEFENBAKER, P.C., Q.C., M.P., PRIME MINISTER OF CANADA, TO THE DOMINION-PROVINCIAL CONFERENCE, THURSDAY, FEBRUARY 23/61

I welcome you to this resumed session of the conference. My colleagues and I appreciate that you have come at a season when it is difficult for you to leave your capitals because of the meetings of your respective legislatures or the preparations for them. The fact that all are here is a testimony to the importance of the business before the conference.

Je vous souhaite la bienvenue à cette reprise de notre conférence. Mes collègues et moi savons bien qu'il vous a fallu vous arranger pour venir à Ottawa à un moment de l'année où il vous est difficile à tous de quitter vos propres capitales, soit parce que les assemblées législatives sont en session, soit parce que vous êtes en train de vous y préparer. Le fait que vous soyez tous venus à cette conférence souligne l'importance des questions que nous allons discuter.

All will be agreed that it is desirable that decisions be taken soon with respect to the fiscal arrangements for the period to follow March 31st, 1962, the necessary legislation for which the Federal Government hopes and desires to introduce at the present session of Parliament.

This is the third stage of the Conference which opened last July and resumed in October. The discussion of the fiscal relations between the Federal and Provincial Governments, and of other related matters, has throughout benefited each of us. Each and all Governments have serious financial problems. Each must recognize its heavy responsibilities and at the same time the obligation to take into account the problems of the others who are here. The Dominion Government fully recognizes the burdens and responsibilities resting not only on Provincial Governments but on municipal authorities as well and takes into account the sources of funds that are available to the Provinces and to their creations, the municipalities.

The Federal Government has given proof of its recognition of the financial problems resting on the Provinces and the municipalities and of its desire to aid them. It has enlarged tremendously the payments made out of the Federal Treasury to or for the benefit of the Provinces. Indeed, the conditional and unconditional payments and abatements provided by the Federal Government in the present fiscal year amount to $1,283 million compared to $664 million four years ago. The Federal payments and abatements to or for the benefit of the Provinces have thus practically doubled in this short period. In thus enlarging the aid to the Provinces and thereby easing the burden on Provinces and municipalities, the Federal Government has incurred substantial budgetary deficits. The Provinces must recognize that the Federal Government has burdens too, and must in its policies retain the confidence of the investing public.

The July meeting was largely devoted to having the Provinces state their positions and their claims. In aggregate the claims advanced by them would have increased the financial burdens on the Federal treasury by more than $2 billion per annum, a responsibility which the Federal Government is in no position to assume. At the October meeting, I advanced on behalf of the Federal Government certain suggestions intended for discussion, rather than as firm proposals. All the Premiers commented in detail upon them. At the close of the October meeting, we undertook to take into consideration the views expressed by the Premiers. We have done so. The flexible attitude exhibited by the Federal Government was commented on favourably as the October meeting approached its close. We have endeavoured to apply a like flexible attitude to the further intensive study made since then of our mutual problems in the fiscal area.

The two principal elements in fiscal relations between the Federal and Provincial Governments, which we have fully recognized in previous discussions, have been the sharing of the three direct tax fields which the Dominion and the Provinces jointly occupy, and the equalization arrangements by which Parliament provides direct assistance to those Provinces that are in a weaker fiscal position than others. Some means must be found for dealing with both of these aspects. In particular, the Federal Government agrees that the principle of equalization must be preserved. Furthermore, the element of stabilization will be retained. The proposal which I would now submit on behalf of the Dominion Government will take these

elements into account and the new arrangements will cover a period of five years.

The joint occupation by the Federal and Provincial Governments of the three tax fields—personal income taxes, corporation income taxes and succession duties—inevitably creates problems. The present system of tax rentals has achieved, in the case of the eight renting Provinces, a measure of tax uniformity and has simplified collection. The tax rental agreements, however, have severely restricted the Provincial Governments in meeting their financial problems and have deprived them of the necessary flexibility. Moreover, both before and after entering into the rental agreements with the Federal Government, the Provinces have complained that the rental payments to them are quite inadequate.

The agreements which they signed, with effect April 1st, 1957, defined the rent in the following proportions:

(a) 10 per cent of the yield from the personal income tax,

(b) 9 percentage points of corporate taxable income, and

(c) 50 per cent of the yield from the succession duty or similar tax.

The present Federal Government took account of these complaints even though the agreements were in effect and binding and, without obligation to do so, Parliament raised from 10 to 13 per cent the Provincial share of the yield from the personal income tax effective April 1st, 1958. In the intervening three fiscal years, this increase has added $191 million to Provincial revenues and has added equivalent cost to the Federal Treasury.

The discussions last year have made it clear that it would be difficult to reach agreement upon another such rental formula, and equally clear that the Provinces should have more freedom than the tax rental system offered in their view for them to meet their financial needs.

Accordingly, the Federal Government proposes to discontinue the tax rental system when it expires on March 31st, 1962. It will thus be open to and up to any of the provinces to impose whatever taxes, in the three jointly occupied fields, they consider to be necessary to meet their respective financial responsibilities. They will exercise their constitutional right to impose, vary and adjust their levies from time to time as may be necessary in the light of their responsibilities to their Provincial taxpayers and without recourse to the Federal Government. Thus there will be a return to the active responsibilities which the Constitution confers upon both levels of government under the Federal system.

The termination of the tax rental system does not mean, however, that there cannot be a simplified or unified system of tax collection with the advantages it offers. The Federal Government is prepared to undertake the collection of the personal income tax or the corporation tax, or both, for any Provinces which so desire, on condition that the Province under its laws defines the tax base, i.e., taxable income, to be identical at all times with the Federal definition. It will, of course, rest entirely with each Province to establish the rates of the tax which it will impose. One joint return form will be employed for both Federal and Provincial taxes, thus simplifying the task of the taxpayer. Although this service will cost some millions of dollars, it will be provided by the Federal Government to the Provinces without charge.

Parliament has replaced the Dominion succession duty with an estate tax. The Provinces do not possess the constitutional power to enact an estate tax which the Federal Government could collect on their behalf. The Federal Government has no desire to undertake the collection of a Provincial succession duty along with its estate tax because a succession duty involves many detailed problems, both for the taxpayer and for the administration, which it was intended to avoid by adopting the estate tax. The Federal government will, in the case of any Province which chooses to impose a succession duty or similar tax, pay to such Province half of the yield from the Federal estate tax in that Province, calculated in the same way as under the present rental agreements. Should any Province levy a succession duty, we shall be prepared to make the same abatement as at present.

Returning to the Provinces the responsibility to levy their own direct taxes raises the question as to the extent of withdrawal by the Federal Government from the personal and corporation income tax fields. The Federal Government has given very careful consideration to this question. It must continue to discharge its vast responsibilities, to provide equalization payments and also to pay the Federal share of the many programmes now jointly borne by both levels of govern ment, which this year amount to some $44(million. It is simply not possible for the Federal Government to discharge these responsibilities and at the same time comply with the demands of some Provinces for mathematically equal sharing in the personal income tax and corporation tax. The Federal Government, after intensive study and consideration, has decided that it should not

withdraw from the corporation tax field beyond the scale of the abatements now allowed in the law. It will, however, withdraw progressively and substantially from the personal income tax field in favour of the Provinces. There are good reasons for this choice. The yield from the corporation tax is subject to wider fluctuations than the yield from the tax on personal income, which has shown a steady rate of growth. The latter is, therefore, a much more reliable form of tax for the Provinces to use. Moreover, the standard rate already provided for in the corporation tax is proportionately larger than that in the personal income tax and corporation profits are generally regarded as somewhat more national in scope and origin than personal incomes and therefore more appropriate for taxation by the Dominion.

Under the system of tax collection rather than rental agreements, there will no longer be abatements. The Federal withdrawal will take the form of a straight federal tax reduction. It will then rest with each Provincial Government to determine its rates of tax in these fields.

Accordingly the Federal Government will ask Parliament for legislation to provide, after April 1st, 1962:

(a) for payment to any Province not imposing a succession duty or similar tax, of 50 per cent of the yield from time to time from the Federal estate tax in that Province;

(b) for reducing the Federal corporation tax by the present 9 percentage points of taxable income, which would be a diminution in the federal tax of about 22 per cent;

(c) for reducing the Federal personal income tax progressively as follows:

(i) for the first year by 16 per cent of its level at that time,
(ii) for the second year by 17 per cent,
(iii) for the third year by 18 per cent,
(iv) for the fourth year by 19 per cent, and
(v) for the final year by 20 per cent.

With respect both to corporation and personal income taxes, the proposal is to reduce the rates below levels that would otherwise prevail at the times specified. Parliament cannot bind itself for five years in advance not to vary the rates of income taxes. It may be essential in the national interest to introduce various budgetary changes that are now unpredictable.

In terms of comparison with the tax rental formula of 10—9—50, which came into effect on April 1st, 1957, and the existing formula of 13—9—50 introduced by the present Federal Government, the formula now proposed will by 1966 become a 20—9—50 formula. Moreover, there will be no restriction on the freedom of each Province to establish its rates of tax as it may choose.

At present the equalization formula is based upon raising the per capita yields of standard taxes to the average of the two Provinces with the highest per capita yield. The Federal Government is convinced that this formula needs to be improved in two respects if it is to serve the purpose over the long run of meeting fiscal need on the part of those Provinces in a relatively weak fiscal position, while preserving equity for all. The present formula disregards sources of Provincial revenue other than the three standard direct taxes. The present Government has had to supplement it by introducing the Atlantic Provinces Adjustment Grants as it has proven to be an inadequate base for determining fiscal need. Furthermore, it entirely ignores the wide variation in the revenue derived from natural resources. In the interests of equity and fairness, we now propose that for the purpose of determining equalization payments, the formula should include not only the yields from three standard taxes (with the increasing rates for personal income tax outlined above) but as well one half of the three-year moving average of gross natural resource revenues as determined by the Dominion Bureau of Statistics. The reason only half of these revenues is provided is to make allowance for the variation in the rates of tax or charge imposed by various Provinces, and to avoid discouraging the development of these sources of revenue. As well, this will permit account being taken of these revenues which arise from the disposal of resources in a manner that should not be brought fully to account in respect of any particular year.

The second principal change that we intend to introduce is to equalize over this broader base I have described, up to the national average of the revenues in question rather than up to the yield in the two highest yielding Provinces. We believe that the combination of these two factors will produce a more equitable result over a long period.

Accordingly the equalization formula will be based on the national average per capita return from a combination of the standard taxes at the progressively increased rates as proposed and 50 per cent of the three-year average of natural resource revenue. The equalization payments will thus ensure to each province the national average return from these revenue sources and will grow as revenues expand.

In order to ensure that the equalization payments calculated on this broader base up to the national average shall not leave any Province worse off than under the present arrangements, we propose to incorporate into the equalization formula two guarantees:

(a) No Province entitled to equalization under the national average formula shall be

worse off than it would be under a continuation of the present equalization formula and tax rental agreements, including the Atlantic Provinces Adjustment Grants. Thus Provinces with substantial fiscal need are fully protected.

(b) No Province will receive less in total than it has received on the average in the final two years of the current agreements.

These guarantees will ensure not only that the equalization factor shall increase in general in accordance with the national average of the yield of these major revenue sources, but that it will increase for those Provinces with greater fiscal need as rapidly as it would have increased under the existent agreements.

The Atlantic Provinces Adjustment Grants, introduced by the present Federal Government effective April 1st, 1958, have carried the principle of meeting fiscal need farther than it had ever been carried before. The sum of $100 million was appropriated by Parliament to be paid to the four Atlantic Provinces over a four-year period at the rate of $25 million per annum on the basis agreed upon by them, viz., $7½ million each to Nova Scotia, New Brunswick and Newfoundland and $2½ million to Prince Edward Island. In the three intervening years, a total of $75 million has been paid to the Atlantic Provinces as follows: $22½ million each to Nova Scotia, New Brunswick and Newfoundland and $7½ million to Prince Edward Island. The existing Federal legislation will continue these grants for one further year.

The Federal Government believes that the Atlantic Provinces Adjustment Grants have rendered an enduring service to the Atlantic area in assisting the Governments of each of the Provinces to improve the standard of services to their respective people. The grants have also performed an inestimable role in meeting the problem of Provincial fiscal need in its more acute form. The Federal Government, therefore, proposes to continue the Atlantic Provinces Adjustment Grants, and to increase them, effective April 1st, 1962, from $25 to $35 million per annum for the ensuing five years, with the basis of distribution among the four Provinces being left for them to determine by agreement.

The payments to Newfoundland for the purpose of assisting Canada's newest Province to raise the level of its public services to that prevailing in the other three Atlantic Provinces will be continued for the five-year period at the present rate of $8 million per annum, over and above Newfoundland's share of the Atlantic Provinces Adjustment Grants.

At the meetings in October, emphasis was placed upon the stabilization element in the present arrangements which assures Provinces that their revenue from the rental value of the standard tax rates plus equalization will not in any year be permitted to fall below 95 per cent of the average of the two preceding years. We are prepared to incorporate a like stabilization element in the new arrangements.

We have given further thought to the means of achieving reciprocity of treatment in the position of Provincial Crown corporations and agencies under Federal sales and excise taxes and the position of Federal corporations and agencies under Provincial direct taxes on purchases. We are prepared to waive Federal immunity from taxation and instruct Federal corporations and agencies to pay Provincial purchase taxes and other similar taxes, on the understanding that Provincial corporations and agencies will be subject to Federal sales and excise taxes. We think that this is an equitable arrangement, being in accordance with the general principles followed in regard to the payment of Federal taxes on purchases by Federal departments. We think it is better than reciprocal exemptions as an administrative and accounting arrangement, preserving as it will a fairer relationship between Crown corporations and agencies in general and private businesses.

During the period covered by the current agreements, companies engaged in the forest industries in British Columbia and in Ontario have borne a considerably higher burden of tax rates than other industries. This is because of the combined effect of Federal income taxes and Provincial logging taxes. When the present arrangements were established, it was thought that the logging taxes would provide an alternative method of compensating the Provinces in some measure for the alienation of the natural resources in question. As events have turned out, however, the taxes have become excessive. It is, of course, recognized that the Province of Ontario is not subject to the commitments which were included in the current agreements for Provinces renting their Corporation taxes. There would appear to be no good purpose served by attempting to apportion responsibility for the situation that has been created by the interaction of the taxes of two governments. It is proposed instead that the Federal Government and the Provinces in question should seek agreement by which each will make a concession in the interest of resolving this problem.

The Federal Government will continue to pay to the Provinces to March 31st, 1962, half of the Federal income tax from corporations engaged in the distribution or generation and distribution to the public of electric energy, gas or steam.

It is again proposed that all joint Federal-Provincial programmes involving conditional grants or the sharing of cost be re-examined by the Continuing Committee of Officials with a view to consolidation, simplification and co-ordination where possible. To such programmes the Federal Government in the present fiscal year is contributing an estimated $440 million, as compared with $111 million four years ago. The Federal payments will increase vastly next year as the result of Quebec's adherence to the hospital insurance plan and other cost-sharing programmes; it is estimated that the total of these payments will reach $550 million.

The Federal Government proposes to ask Parliament to relinquish the remaining Federal legislative control over School Lands and School Lands Funds in Manitoba, Saskatchewan and Alberta. Authority will be sought to enter into amending agreements with these three Provinces to delete Section 7 of the present agreements so as to confer upon these Provinces complete authority over their School Lands and their School Lands Funds.

The foregoing proposal is submitted by the Federal Government in the belief that it will form a satisfactory and workable basis for harmonious Dominion-Provincial fiscal relations for the five-year period commencing April 1st, 1962, and that it will contribute materially to the goals of strengthening the Provinces and through them the municipalities to meet their several responsibilities and will equalize opportunity among Canadians in all parts of this great country.

The Federal Government believes that these proposals represent a greatly improved plan of Federal-Provincial fiscal arrangements. In summary:

First: we have provided at Federal expense for a considerable increase in the Provincial share of the personal income tax. The additional Federal withdrawal from this tax field, by the final year of the arrangements, will have raised the Provincial share by more than 40 per cent above present levels. The proposed Federal withdrawals in the three shared tax fields are such that without increasing the over-all level of taxes, the Provinces can, by the end of the period, be assured of one-fifth of all personal income tax collections, more than one-fifth of all corporation income tax, and one-half of the estates tax. Considering the heavy responsibilities of the Federal Government, we consider this to be a generous proposal. In addition, the Provinces will be quite free to impose the rates of taxation which they find necessary and thus to increase the Provincial share of these tax fields beyond the amount represented by the Federal withdrawal.

Second: we have combined this greater freedom for the Provinces with procedures which offer the hope of simplicity and uniformity. We have done this by offering to collect without charge any of the above taxes at the rates the Provinces wish to impose, laying on them only this one single restriction that the tax base on which they impose their taxes must at all times correspond with that defined in Federal statutes. This we hope will greatly simplify the task of the Provinces and the problem for the taxpayers and will give the advantages of freedom while preserving administrative simplicity and efficiency.

Third: we have combined arrangements to guarantee greater flexibility and freedom in provincial finance with an improved formula for equalization which meets the problem of disparities in the field of Provincial revenues more completely and more realistically. The inclusion of a part of natural resource revenue in this formula recognizes and corrects in a practical way one of the greatest financial disabilities of some of the Provinces. There is no other single revenue source which we could have added to the equalization formula which would have done so much to equalize revenue sources or contributed so much to equity in the calculation of fiscal need. Our decision to move the basis of equalization to the national average is based on financial realism. Naturally Provinces like individuals would prefer to be equalized to the top, but no one can seriously contend that equalization to the top is a practicable goal.

Fourth: in addition to the recognition of the need for equalization based on a broader concept of equality and fiscal need, we have made additional, separate and special recognition of the peculiar disabilities of the Atlantic region. We have done so by increasing the level of these grants by 40 per cent.

We are convinced that this new framework and these main aspects of our proposals should assure a new era of harmonious Dominion-Provincial fiscal relations. These proposals are new in spirit but rest upon the sound principles of financial responsibility and independence of governments. We believe that they will contribute materially to the financial strength and independence of the Provinces and their municipalities and to equality of opportunity for Canadians in all parts of this great country. They will help us all to meet the tasks ahead. I commend them to your earnest consideration.

HOUSE OF COMMONS

Wednesday, March 1, 1961

The house met at 2.30 p.m.

TRADE

ANNOUNCEMENT OF CONSULTATION WITH HONG KONG AUTHORITIES

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I should like to inform the house that several senior Canadian officials, led by Mr. S. S. Reisman of the Department of Finance, will leave for Hong Kong today to consult with the Hong Kong authorities on various trade matters. The purpose of the consultations will be to consider problems associated with the rapid increase of importations of certain products from Hong Kong.

GRAIN

CONFERENCE TO EXPEDITE MOVEMENT THROUGH PACIFIC COAST PORTS

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, I should like to advise the house that I have requested the Canadian wheat board to arrange a conference in Vancouver commencing on Monday next to explore ways and means of expanding the volume of grain which can be moved into and out of Pacific coast ports. The conference will be representative of the principal agencies concerned with the movement of grain from the prairies to the Pacific coast and the movement of this grain to terminal elevators and into ocean vessels.

Invitations have been extended to the following organizations: Canadian Pacific Railway, Canadian National Railways, Alberta wheat pool, United Grain Growers Limited, Saskatchewan wheat pool, Pacific group of elevators, Vancouver grain exchange, Vancouver merchants exchange, Vancouver chamber of shipping, shipping federation of British Columbia, trade union representatives, national harbours board, the port warden, the board of grain commissioners for Canada and the Canadian wheat board. It is my intention to attend the conference along with officers of my department.

I want to make the purpose of the conference clear. It is my hope that through the co-operation of the organizations and interests invited, ways and means can be worked out to increase the grain movement through Pacific coast ports. I am hopeful also that those who attend the conference will join in suggestions relating to long-range developments. I think it is the desire of all concerned that the full potential of the west coast grain movement be realized and that the capacity of west coast ports to receive and load grain is keeping abreast with market opportunities, particularly in the Far East.

The construction of the St. Lawrence seaway and additional storage capacity planned by the national harbours board at Montreal, along with private building in the outer St. Lawrence, have added greatly to the efficiency and the capacity of the St. Lawrence route. A new berth is being constructed at Churchill which will speed up the loading of ocean vessels at that port.

Elevator companies operating at Fort William and Port Arthur have work under way there which will improve the loading of grain and, particularly, the loading of ocean tonnage which comes to the lakehead.

Some years ago additional storage capacity was built at Halifax, and the Atlantic maritime ports are having one of the busiest seasons on record. It is the desire of the government that grain handling facilities at all our ports be brought up to the standards required of them in these times.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure the house will have heard the minister's statement with interest, and will support any steps the government may take to expedite and enlarge shipments of grain through Pacific ports, especially in view of recent reports from such ports that there have been delays in such shipments.

Mr. Harold E. Winch (Vancouver East): We welcome the statement which has just been made by the minister, Mr. Speaker. We certainly hope that as a result of the conference there will be not only a speed-up in loadings through the port of Vancouver, but there will be also a discussion of the question of installing new and additional facilities. It is many, many years since there have been any extensions to the port of Vancouver. As a matter of fact the facilities of the port are less now than they were as a result of a fire many years ago. The facilities lost then have never been replaced.

In view not only of the recent complaints concerning delay in shiploadings, but also in view of the statements made within the

past month that Vancouver cannot expect to have new lines coming in until port facilities are expanded, we certainly welcome this announcement. We hope satisfactory conclusions can be arrived at and that speedy action will be taken to implement those conclusions.

STARRED QUESTIONS

UNPLACED RADIO AND TELEVISION TECHNICIANS

Question No. 123—**Mr. Pickersgill:**

1. Are there any radio and television technicians registered as unplaced applicants with the national employment service?
2. If so, how many in each category, and in what regions of Canada?

Mr. R. D. Thrasher (Parliamentary Secretary to the Minister of Labour): Mr. Speaker, the answer to part 1 is as follows. There are no radio and television technicians as such registered with the national employment service. The answer to part 2 is answered by the answer to part 1.

SCHOLARSHIP GRANTS, ELLA ELIZABETH CLARK AND MASON WADE

Question No. 132—**Mr. Pitman:**

1. Has any federal department, corporation or council awarded any scholarship, grant-in-aid for study or publication, or research grant to an Ella Elizabeth Clark or to a Mason Wade in the past three years?
2. If so: (a) which agency, for what specific purposes, and under what statutory authority or regulation? (b) what is the nationality and address of Miss Clark and Mr. Wade?

Hon. Noel Dorion (Secretary of State): Mr. Speaker, as it will be necessary to circularize a number of departments in order to secure this information, and as this will take some time, may I suggest that this question be made an order for return.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in respect of that question I should add that if the expression "council" therein refers to the Canada council, on the basis of previous experience and precedence that information cannot be procured. I set out these reasons in some detail on November 27, 1957, at page 1558 of *Hansard* and will not now repeat them.

Mr. Speaker: The house has heard the proposed limitation with respect to the word "council" as it appears in this question. In making it an order for return as suggested by the minister I assume it will be on those terms.

Some hon. Members: Agreed.

Order for return.

[Mr. Winch.]

NEW HOSPITAL BUILDING, SPRINGHILL, N.S.

Question No. 150—**Mr. Robichaud:**

1. Has the Minister of Labour received a request from the Springhill miners wives' association for a grant toward the erection of a new 65-bed hospital building?
2. If so: (a) what decision has the government reached on this matter? (b) has the Minister of Labour made a reply to this request, and what is its nature?

Mr. R. D. Thrasher (Parliamentary Secretary to the Minister of Labour):

1. A letter was received, dated February 6. The letter requested a new post office, armouries and hospital at Springhill.

2. The federal government, through the Minister of National Health and Welfare, has granted a sum of $178,360 toward a new hospital. This has been expanded by a provincial grant to bring the total of both grants to $445,000. The minister has acknowledged the letter written by the ladies and informed them that all matters that they have raised will receive careful study.

SUGGESTED TARIFF ON OIL IMPORTS, EASTERN CANADA

Question No. 151—**Mr. Dumas:**

1. Has the government received a communication from the president of the united mine workers, district 26, proposing a tariff of 1 cent per gallon on the importation of foreign oil into eastern Canada?
2. If so, has the government given any consideration to any such proposal, and what decision has been reached?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the answer to No. 1 is yes. The answer to No. 2 is that when the government is in a position to announce its policy in this regard, it will be done.

UNEMPLOYMENT ASSISTANCE PAYMENTS

Question No. 154—**Mr. Martin (Essex East):**

How many persons are at the present time in receipt of payments under the federal and provincial unemployment assistance arrangements?

Hon. J. W. Monteith (Minister of National Health and Welfare): Under the terms of the unemployment assistance agreement, provinces may submit claims up to six months after the end of the month to which they relate. As a result the latest month for which complete figures are available is July, 1960. The number of persons assisted in that month was 334,746.

UNEMPLOYMENT INSURANCE—EXHAUSTION OF BENEFITS

Question No. 155—**Mr. Martin (Essex East):**

1. Does the unemployment insurance commission have any record of the number of unemployed persons who have exhausted their unemployment insurance benefits?

2. If so, how many persons are in this category at the most recent date for which the record exists?

Mr. R. D. Thrasher (Parliamentary Secretary to the Minister of Labour):

1. A count is made, on a sample basis, following the close of each calendar year of the benefit periods exhausted during that year. This does not mean, however, that the persons concerned have necessarily run out of benefit because many of them requalify immediately for either regular or seasonal benefit.

2. The number of regular benefit periods that exhausted in 1959, the latest year for which figures are available, was 306,000.

CUSTOMS DUTY REMISSIONS

Question No. 159—**Mr. Benidickson:**

1. What class or kind of goods and what customs tariff classification was applicable, with respect to duty remissions to the undernoted companies reported in the public accounts for the fiscal year ended March 31, 1960: Canadian Fairbanks-Morse Company Limited, Montreal; Dietrich-Collins Equipment Limited, Vancouver; International Harvester Company of Canada Limited, Hamilton; Wm. Stairs, Son & Morrow Limited, Halifax?

2. Did an agency of the government make recommendations to the cabinet that all other importers of similar goods meeting the same conditions receive a like remission of customs duties?

3. Under which section of the Customs Act was the original valuation for duty established in each case?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the answer to the first part of this question is rather involved but I think perhaps I can give it now rather than have it printed without being read. The answer is as follows.

Canadian Fairbanks-Morse Company Limited, Montreal; class or kind of goods, electric generators; customs tariff classification, item 445f; value for duty established under section 36 of the Customs Act.

Dietrich-Collins Equipment Limited, Vancouver; class or kind of goods, motor vehicles (trucks); customs tariff classification, item 438a; value for duty established under section 36 of the Customs Act.

International Harvester Company of Canada Limited, Hamilton; class or kind of goods, used production equipment, customs tariff classification, item 442; value for duty established under section 38 of the Customs Act.

Wm. Stairs, Son and Morrow Limited, Halifax, class or kind of goods, power shovel; customs tariff classification, item 427; value for duty established under section 36 of the Customs Act.

The answer to part 2 of the question is no, but had the same circumstances existed in respect of other importers, or were they to arise in future and be made known to the Department of National Revenue, it would have been or would be recommended that like remissions be granted to such importers.

The answer to part 3 is answered by the answer to part 1 above.

CANADIAN FREE PORTS

Question No. 160—**Mr. Mitchell:**

1. Are there any "free ports" now functioning in Canada?

2. If so: (a) what is the location of each of the said ports? (b) what was the volume of business in each of any such ports in 1960?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the answer to part 1 is no and the answer to part 2 is answered by the answer to part 1.

ST. LAWRENCE SEAWAY—PERSONNEL

Question No. 161—**Mr. McMillan:**

1. What was the total number of employees on the headquarters staff of the St. Lawrence seaway during the year 1960, including engineers, secretaries, etc.?

2. During the year 1960, what was the number of permanent employees and casual employees employed by (a) the Welland canal section (b) the St. Lawrence river section?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the St. Lawrence seaway authority advise as follows:

In reply to part 1, as at December 31, 1960 there were 182 employees on the headquarters staff of the authority.

With reference to part 2, at December 31, 1960 on the Welland canal section there were 517 permanent and 91 casual employees. On the St. Lawrence river section there were 435 permanent and 45 casual employees.

CENSUS COMMISSIONER, FORT WILLIAM

Question No. 162—**Mr. Badanai:**

1. Has a census commissioner been appointed for the electoral district of Fort William?

2. If so, what is the name and address of the person appointed?

Mr. E. L. Morris (Parliamentary Secretary to the Minister of Trade and Commerce): Mr. Speaker, the answer to part 1 is no and the answer to part 2 is answered by the answer to part 1.

MONTREAL EXECUTIVE COMMITTEE—PRIME MINISTER'S VISIT

Question No. 163—**Mr. Lessard:**

Is the right hon. the Prime Minister in a position to report to the house on the practical results of his visit on February 16 last with the executive committee of the city of Montreal?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I would tell the hon. gentleman that there is nothing to report additional to what has already been placed before the house.

Starred Questions

BOUNDARY BAY AIRPORT, B.C.

Question No. 164—**Mr. Taylor:**

1. When did the Royal Canadian Air Force cease operations at Boundary Bay, and when did the signal corps assume control of the property?
2. What was the total cost of buildings, apart from housing units, constructed for the signal corps after the withdrawal of the R.C.A.F.?
3. What buildings and equipment were specifically constructed for the signal corps and what was the cost of same?
4. How many houses owned by the federal government are occupied by members of the signal corps?
5. What is the total value of all buildings constructed for the signal corps?
6. Has any consideration been given to locating an alternative site for the signal centre? If so, what consideration has been given, and who has been appointed to locate an alternative site?

Mr. Egan Chambers (Parliamentary Secretary to the Minister of National Defence):

1. July, 1946.

2. $314,200.

3.

The buildings and equipment specifically constructed for the signal corps and costs involved are:

Chlorinator building	$ 1,100
Sewage pump house	400
Standby generator building	6,000
Operations building	295,000
Electrical switch house	3,500
Sewage pumping station	3,500
Dyke pump house	3,500
Petrol, oil and lubricant storage	1,200
Antennas	300,000
Installed signal equipment	550,000
	$1,164,200

4. 116.

5. $1,548,517, including $1,234,317 for housing.

6. Yes. However, following a detailed survey carried out by army technical personnel, it was concluded that the cost involved in relocating these facilities would not be justified.

BANK OF CANADA SALES TO INVESTMENT ACCOUNT

Question No. 165—**Mr. Martin (Essex East):**

1. Did the Bank of Canada sell securities in the amount of $40 million to the securities investment account?
2. If so, was this transaction in the field of monetary policy, or alternatively, in the field of debt management?
3. Was the government consulted about this transaction?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, for reasons of public policy which I think will be obvious to hon. members, it has never been the practice to disclose individual transactions of purchase or sale in relation to the securities investment account. Only the net change in the aggregate position of the account is recorded from month to month in the comptroller's statement published in the *Canada Gazette*.

The securities investment account is used by the Minister of Finance on behalf of the government as a means of employing temporary cash surpluses and assisting in bond refund operations. It therefore falls within the scope of debt management.

HARRY HALLIWELL AND RALPH HEDLIN

Question No. 166—**Mr. Pickersgill:**

1. Is Harry Halliwell, of the Toronto *Telegram*, employed by the Department of Agriculture in any capacity?
2. If so, what are the terms of employment including remuneration, and what duties is he to perform?
3. Is Ralph Hedlin employed by the Canadian wheat board in any capacity?
4. If so, what are the terms of his employment including remuneration, and what duties is he expected to perform?
5. Was Mr. Hedlin employed at the suggestion of the Minister of Agriculture?

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, the answers to the five parts of this question are as follows:

1. Mr. Halliwell, a graduate in economics of the University of Saskatchewan, formerly an editorial writer and reporter with the Saskatoon *Star-Phoenix*, reporter, agricultural writer and editorial writer with the Winnipeg *Tribune* and recently of the Toronto *Telegram*, is employed under contract by the Department of Agriculture as approved by treasury board and minute 574516 of January 23, 1961.

2. Mr. Halliwell's period of employment is from February 1 to July 1, 1961. His remuneration is $275 per week. Mr. Halliwell's duties are to study the department's informational activities and to advise on the implementation of an effective program of information to acquaint the public with departmental policies and activities and research findings.

3. Mr. Ralph Hedlin of Winnipeg is associated with the Canadian wheat board in the field of public information.

4. It is not the policy of the Canadian wheat board to make public information regarding the remuneration of its employees nor the basis on which they were employed.

5. Yes. The report of the Bracken commission inquiry into the distribution of railway box cars reported that the public relation activities of the Canadian wheat board had not kept the public as fully informed as desirable with respect to its problems, its efforts to solve them, the complications of its task and the important details of its procedures. Since this observation is applicable to all wheat board operations, and since farmers are entitled to know what is being done by the board on their behalf, the professional

advice of Mr. Hedlin, formerly assistant editor of the *Country Guide*, formerly editorial writer for the Winnipeg *Free Press* and now a freelance writer and broadcaster on agricultural matters, was suggested to the wheat board for this purpose.

"AGENDA 1961"

Question No. 168—**Mr. Tremblay:**

1. How many copies of the "Agenda 1961", distributed free of charge by the Canadian Broadcasting Corporation to members of the House of Commons, were printed?
2. How many persons, outside members of the House of Commons, have received a free copy of the said document?
3. Who printed this agenda, and at what price?
4. (a) Have tenders been called for the said printing contract? (b) what are the names of the printing firms invited to submit tenders? (c) what was the amount of each tender?

(Translation):

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): Mr. Speaker, the answer to the first part of that question is as follows:

1. The Pierre Desmarais printing firm issues an agenda every year. As a tribute to the C.B.C., and to mark the 25th anniversary of the corporation, it decided this year to feature "pictures of the C.B.C." The Pierre Desmarais firm printed its own run plus an extra 1,000 copies which were purchased by the C.B.C., at $1.50 each. These copies do not carry any advertising for the Desmarais firm except for the usual identification of the printer.

2. The 1,000 copies were distributed free of charge.

3. The Pierre Desmarais printing firm. The total cost is $1,858.85, handling and mailing costs included.

4. There was no need to call for tenders since the C.B.C. was using an extra run of a publication that was not its own.

(Text):

"EDITION SPECIALE"—MODERATOR'S TRAVELLING EXPENSES

Question No. 169—**Mr. Tremblay:**

1. Does the moderator of the program "Edition Speciale", televised on the French network each Sunday night, receive special remuneration for travelling expenses?
2. If so, what is the amount of such remuneration?

(Translation):

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): Mr. Speaker, since the answer to that question would require that the C.B.C. obtain some information from its French network, may I ask that the question stand until next week? The same remarks apply to question 170.

(Text):

CKY-FM, WINNIPEG—PROTESTS

Question No. 171—**Mr. Benidickson:**

1. How many communications have been received by the board of broadcast governors from (a) known T.V. service persons wanting to instal antennas, and (b) other persons, protesting that approval of an application by CKY, Winnipeg, for FM broadcast rights on frequency 103.1 might interfere with reception by viewers in Manitoba from Pembina, North Dakota, T.V. station KCND?
2. Which frequencies other than 103.1 might be provided under international treaty arrangements or otherwise for assignment by the board of broadcast governors to a Winnipeg area applicant seeking a licence for a frequency modulation station?
3. (a) Has the board of broadcast governors received any information that a new U.S.A. defence radar station near Baudette, Minnesota, will be utilizing an FM frequency likely to interfere with T.V. reception from channel 7, Winnipeg, to the detriment of Canadian T.V. viewers in the Rainy river district of Ontario? (b) if so, does the board of broadcast governors understand that a decision respecting frequency 103.1 unnecessarily inconsiderate respecting United States T.V. station KCND, North Dakota, would tend to nullify Canadian protests to the U.S. government against the proposed American use of a frequency at Baudette, Minnesota, that would eliminate reception at Rainy river of T.V. programs from a Canadian source?

Hon. George C. Nowlan (Minister of National Revenue): The answer to this question is involved, and I should like to make it an order for return. However, I have not had an opportunity to discuss this with the hon. member who asked the question, so in the meantime I should like to ask that it be allowed to stand.

Question stands.

SOLITARY CONFINEMENT, B.C. PENITENTIARIES

Question No. 172—**Mr. Howard:**

1. Since January 1, 1956, has any inmate in the British Columbia penitentiary been kept in dissociation for a period of time longer than the normal 21-day maximum?
2. If so, how many inmates, for what period of time, and for what reason in each case?
3. Has any of the said inmates been so dissociated on more than one occasion, and, if so, what were the reasons in each case?

Hon. E. D. Fulton (Minister of Justice): Compilation of the answer to this question will require considerable research and the information will be of considerable length. I have discussed this matter with the hon. member concerned, who has agreed with the suggestion that this be made an order for return, and I so move.

Mr. Speaker: Then this will be made an order for return.

Order for return.

QUESTIONS PASSED AS ORDERS FOR RETURNS

SCHOLARSHIP GRANTS, ELLA ELIZABETH CLARK AND MASON WADE

Question No. 132—**Mr. Pitman:**

1. Has any federal department, corporation or council awarded any scholarship, grant-in-aid for study or publication, or research grant to an Ella Elizabeth Clark or to a Mason Wade in the past three years?

2. If so: (a) which agency, for what specific purposes, and under what statutory authority or regulation? (b) what is the nationality and address of Miss Clark and Mr. Wade?

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3. Has any of the said inmates been so dissociated on more than one occasion, and, if so, what were the reasons in each case?

MOTIONS FOR PAPERS

ORDERS IN COUNCIL FIXING DUTIES

Motion No. 50—**Mr. Benidickson:**

For copies of orders issued by the Minister of National Revenue since December 1, 1958, under the provisions of section 38 of the Customs Act for the purposes of fixing duties.

Hon. George C. Nowlan (Minister of National Revenue): May this motion stand until I have completed the inquiries to which the hon. member agreed the other day?

Mr. Speaker: Stand.

Motion stands.

UNEMPLOYMENT INSURANCE COVERAGE INSTRUCTIONS—FORESTRY

Motion No. 61—**Mr. Racine:**

For a copy of coverage instructions C-411, C-440 to C-444 inclusive, and of any amendments thereto, with regard to employment in forestry, as contained in the new insurance coverage manual issued in October 1955 by the unemployment insurance commission together with the corresponding instructions contained in the insurance coverage manual issued in January 1950.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I object to this motion for the same reasons I put forward with regard to a similar motion on Monday last.

Mr. H. J. Robichaud (Gloucester): I understand that this decision of the minister is not debatable, and although we regret the decision, in the circumstances, with the permission of the hon. member for Beauce, I would ask that the motion be withdrawn.

[Mr. Speaker.]

Mr. Speaker: It will have to stand until the hon. member in whose name it appears on the order paper is present to withdraw it.

Motion stands.

UNEMPLOYMENT INSURANCE COVERAGE INSTRUCTIONS—SERVICE CONTRACTS

Motion No. 62—**Mr. Roberge:**

For a copy of coverage instructions C-201, C-210 to C-226 inclusive, C-591 to C-595 inclusive, C-614 to C-616 inclusive, and C-822 and of any amendments thereto, with regard to the contract of service, as contained in the new insurance coverage manual issued in October 1955 by the unemployment insurance commission, together with the corresponding instructions contained in the insurance coverage manual issued in January 1950.

Hon. Michael Starr (Minister of Labour): I object to this motion for the same reasons I gave with regard to a similar motion on Monday last.

Mr. Roberge: Of course I regret the minister's decision, but in the circumstances I ask for the motion to be withdrawn.

Order discharged and motion withdrawn.

UNEMPLOYMENT INSURANCE COVERAGE INSTRUCTIONS—FAMILY EMPLOYMENT

Motion No. 63—**Mr. Roberge:**

For a copy of coverage instructions C-551, C-561 to C-563 inclusive, C-571 to C-576 inclusive, and of any amendments thereto, with regard to family employment, as contained in the new insurance coverage manual issued in October 1955 by the unemployment insurance commission, together with the corresponding instructions contained in the insurance coverage manual issued in January 1950.

Hon. Michael Starr (Minister of Labour): My objection to this motion is based on the same reasons as my previous objection.

Mr. Roberge: Why not say "ditto"?

Mr. Speaker: With the consent of the mover the motion is dropped.

Order discharged and motion withdrawn.

UNEMPLOYMENT INSURANCE COVERAGE INSTRUCTIONS—CASUAL EMPLOYMENT

Motion No. 64—**Mr. Bourget:**

For a copy of coverage instructions C-272, C-321, C-472, C-601 to C-605 inclusive, C-712 to C-717 inclusive, C-830 to C-832 inclusive, and of any amendments thereto, with regard to casual employment, as contained in the new insurance coverage manual issued in October 1955 by the unemployment insurance commission, together with the corresponding instructions contained in the insurance coverage manual issued in January 1950.

Hon. Michael Starr (Minister of Labour): I register the same objection, Mr. Speaker.

Mr. Bourget: Like the hon. member for Megantic, I should like to withdraw the motion.

Mr. Speaker: With the consent of the mover the motion is dropped.

Order discharged and motion withdrawn.

NUCLEAR REACTOR CONSTRUCTION, INDIA

Motion No. 65—**Mr. Regier:**

For a copy of all letters, reports, or other submissions made to the government in connection with the building of such nuclear reactor in India as was made possible by Canadian participation.

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, as the correspondence in question appears to relate to a lengthy planning and construction period, spanning some six years in all, perhaps the questioner could be more specific about the particular papers he wishes to have produced in order to facilitate an answer.

Mr. Regier: Mr. Speaker, may I draw the permission of the house to withdraw the motion in order that I might reword it?

Mr. Speaker: Yes; since it has not been proposed it may be dropped at the instance of the hon. member for Burnaby-Coquitlam.

Order discharged and motion withdrawn.

FLOOD CONTROL PROJECT, FAIRFORD RIVER, MAN.

Motion No. 66—**Mr. Hellyer (for Mr. Pickersgill):**

For a copy of the order in council dated October 28, 1960, authorizing the federal contribution to the flood control project on the Fairford river in Manitoba.

Hon. Alvin Hamilton (Minister of Agriculture): I have a copy of the order in council; I should like to table it.

Motion agreed to.

HOUSE OF COMMONS

INQUIRY AS TO DATES OF BY-ELECTIONS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether he can tell the house before he leaves for overseas the date of the four by-elections in Canada, or of any of them.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I appreciate my hon. friend's curiosity. In due time it will be satisfied.

Mr. Pearson: We are anxious to get four more members.

PROVISION OF RAILWAY TIMETABLES FOR MEMBERS

On the orders of the day:

Mr. J. S. Speakman (Wetaskiwin): I have a question for the Minister of Transport. Will the minister ask the Canadian National Railways to supply the House of Commons with railway timetables, as has been the custom in past years?

Hon. Leon Balcer (Minister of Transport): I will be very pleased to do so.

NATIONAL DEFENCE

NATO—INQUIRY AS TO U.S. OFFER OF POLARIS MISSILES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Secretary of State for External Affairs. Can the minister bring the house up to date on the offer of the United States government of Polaris missiles to NATO? Has this been discussed by the NATO council? Has Canada taken a position in opposition to the Polaris missile?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, this whole question is under study, and I am not in a position to make any report.

Mr. Argue: Discussed by the NATO council?

Mr. Green: I am not free to disclose the discussions that take place among council members. There is unlikely to be an early announcement on this question.

Mr. Argue: Canada has not taken a position yet?

Mr. Green: When Canada takes a position in the NATO council that can be announced we will be very glad to indicate it to the house.

CHURCHILL, MAN.—STATEMENT ON LOSS BY FIRE AT ROCKET BASE

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of National Defence. Is the minister now in a position to advise the house as to the extent of the fire damage at the rocket launching site near Fort Churchill?

Hon. D. S. Harkness (Minister of National Defence): I received notice of a question in this regard from the hon. member for Churchill (Mr. Simpson) and I give the following answer.

The buildings seriously damaged in the rocket research facilities were the assembly area, including the garage portion and the test equipment area; the lunch room and the generator room adjacent to the assembly room. The fire travelled along the tunnel and involved the block house. There was minor damage to the launch tower itself owing to the activities of the firefighters.

The equipment destroyed included the technical stores test apparatus in the assembly area, two 60 KVA and two 50 KVA generators in the generator room, and the fire control equipment in the block house.

The buildings and equipment were entirely United States owned. There may have been some Canadian equipment in the lunch room or in the assembly area, and there may also have been some D.R.B. equipment in the block house, but this is not yet known.

A board of inquiry is being convened by the commander at Fort Churchill, with a Canadian officer as president and a United States officer as a member of the board.

The Canadian losses are relatively insignificant in comparison with the total loss, although it is impossible at this time to calculate the amount with any degree of certainty.

Mr. Hellyer: A supplementary question. Can the minister say whether, as a result of the fire, any of the D.R.B. planned programs will be delayed?

Mr. Harkness: Well, Mr. Speaker, I think there is no question but that some of the planned programs will be interfered with and delayed to some extent, yes.

Mr. Frank McGee (York-Scarborough): Mr. Speaker, I have a question for the Minister of National Health and Welfare. In view of the hue of the hon. member for Trinity (Mr. Hellyer), I wonder whether the minister would be prepared to recommend a Florida tan for all hon. members?

Hon. J. W. Monteith (Minister of National Health and Welfare): May I say only that I am envious.

PETAWAWA—REPORTED COMPULSORY MEMBERSHIP IN YACHT CLUB

On the orders of the day:

Mrs. Jean Casselman (Grenville-Dundas): I should like to direct a question to the Minister of National Defence. Has the minister anything further to report on the continued newspaper comments with respect to the Petawawa yacht club?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, in view of allegations with regard to membership fees in the Petawawa yacht club being paid under compulsion, which is contrary to army instructions, it has been decided to send two senior officers from army headquarters and one senior officer from headquarters central command to Petawawa to investigate thoroughly this matter of internal army administration. Brigadier H. E. T. Doucet, deputy adjutant general, and Lieutenant Colonel R. H. Webb from the directorate of administration, army headquarters, Ottawa, and Lieutenant Colonel J. F. Merner from central command have been assigned to these duties.

LABOUR CONDITIONS

UNEMPLOYMENT—IMPLEMENTATION OF DOUBLE DEPRECIATION PROGRAM

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to address a question to the Prime Minister. Can the Prime Minister tell the house which minister will be in charge of the program having to do with the application of the delayed principle of double depreciation proposed a long time ago by the Minister of Finance to deal with unemployment? Which department of government will deal with this proposal?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think the information has been furnished on previous occasions. In any event, it is the Department of Labour.

[*Later:*]

Mr. Martin (Essex East): I should like to ask the Minister of Labour a question arising out of the reply given a few moments ago by the Prime Minister. Now that it is clear that the Minister of Labour will be responsible for the program arising out of the proposal for double depreciation to assist in relieving unemployment in Canada, will the minister now announce to the house what are the depressed areas that are to be covered by this program and what are the criteria for a municipality or for an area in order to benefit from this proposal, the only proposal of this kind—

Some hon. Members: Order.

Hon. Michael Starr (Minister of Labour): The answer is "pretty soon".

Mr. Martin (Essex East): Two and a half months.

OTTAWA—REPORTED WORKING CONDITIONS FOR WAITRESSES

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Labour. Has his attention been drawn to an article in the Ottawa *Journal* of February 28 of this year in the column "Below the Hill" by Mr. Tim Burke, which has to do with the working conditions of waitresses in a certain restaurant in Ottawa and which reads in part as follows—

Mr. Speaker: Order. I do not know how the hon. member relates working conditions

in a restaurant in Ottawa to the responsibilities of any minister, unless it happens to be the parliamentary restaurant, in which event the question would be out of order.

Mr. Howard: Mr. Speaker, I think it does involve the Department of Labour because unemployment insurance comes under that department.

Mr. Speaker: Is the hon. member asking a question of the Minister of Labour about uemployment insurance? Perhaps if the hon. member would pose his question we could then deal with it.

Mr. Howard: Apparently there were complaints about daily inspections and working conditions and so on, and in the result all the girls were fired. Because of having been fired they are unable to obtain unemployment insurance benefits by reason of the activity of the employer in the first instance. Has the minister's attention been drawn to this matter, and will he undertake an inquiry?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, my attention has not been drawn to this incident. If the hon. member will give me the information I will be very glad to look into it.

INCOME TAX

REQUEST FOR SPEEDING UP OF REFUNDS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): In the light of the present levels of unemployment and therefore the need to enhance the purchasing power of Canadians, I should like to ask the Minister of National Revenue whether the government is giving consideration to ways and means of speeding up the refunds due Canadians under the provisions of the Income Tax Act.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, of course this government has always given consideration to all problems which affect the general welfare of the country, and we are doing a remarkably good job in looking after our people.

In so far as any refunds are concerned, if the returns have been properly filed and completed, they go through almost automatically. If there is delay in getting the refunds forwarded, the returns have required further checking. I would appreciate the hon. member, or any other hon. member, bringing to my attention any case where a refund is delayed, and I will make it my personal business to see that the problem is followed through at the earliest possible moment.

Mr. Regier: May I ask the minister whether he is aware that refunds are over two months delayed at the present time?

Mr. Nowlan: I may say, Mr. Speaker, there are refunds which are delayed for a year; the returns have been so inaccurate in the information supplied that it has been impossible to discover what the amount should be. Normally I think it is a matter of three weeks. If there is a longer delay than that there is some fault somewhere, perhaps with an official of the department or possibly in the return, and I should like to have the matter brought to my attention.

HOUSING

N.H.A.—INQUIRY AS TO VOLUME OF LENDING

On the orders of the day:

Mr. Rodrigue Bourdages (Laval): I should like to direct a question to the Minister of Public Works. I should like to ask the minister whether the volume of National Housing Act lending that he announced on February 6 has been maintained to date.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, in reply to the question of the hon. member, during the first eight weeks of 1961, from January 1 to February 24, requests for loans reached the highest level in the history of Canada, except for a corresponding period of eight weeks in 1958.

Activity during the week of February 24, 1961 was extremely buoyant, with 1,205 requests for National Housing Act loans. This brought the total for the first eight weeks of the year to 7,381, compared with 650 in the same period last year. Of the 1961 total, the life insurance and trust and loan companies received 2,921 requests and Central Mortgage and Housing Corporation 4,460.

When these loans become starts, Mr. Speaker, they will offer employment in the first eight weeks alone to 35,000 men; in other words, that number of men will receive employment as a result of this action.

Mr. J. R. Garland (Nipissing): Mr. Speaker, without in any way dealing with the subject matter, I wonder whether we are to expect these day to day reports on the part of the minister in an attempt to create the impression that all is well in the housing industry.

Some hon. Members: Question.

Some hon. Members: Order.

Mr. Speaker: Order. If the hon. member is rising on a point of order with respect to the reply I could hear him, but I think he should indicate what point of order is involved before making statements.

Mr. Martin (Essex East): He cannot with this noise, Mr. Speaker.

Mr. Garland: Mr. Speaker, we saw one example yesterday and we see another example today—

Some hon. Members: Order.

Mr. Speaker: I take it the hon. member for Nipissing is rising to object to something that has just taken place. I do not see that there is a point of order, but if there is one perhaps he would point it out. If he feels there is a breach of our practice in what has been done, he is at liberty to draw attention to it.

Mr. Garland: Mr. Speaker, we also had another example a month ago—

Mr. Speaker: Order. The hon. member is rising with respect to something that has just happened in the house, and he should confine his remarks to that matter.

Mr. Garland: Then, Mr. Speaker, in view of the fact that housing starts were only up 4.7 per cent in January, which represents approximately 175 starts—

Some hon. Members: Order.

An hon. Member: What is the point of order?

Mr. Garland: I have been denied the right to put the point of order. I am directing a question to the minister.

Mr. Martin (Essex East): Closure.

Mr. Speaker: The hon. member is now asking a supplementary question.

Mr. Garland: In view of the fact that in the month of January there were only approximately 175 more starts than there were in the same month last year, and in view of the fact that last year was the poorest year for starts in several years, can the minister tell us the number of starts that were made in the month of February?

Mr. Walker: The figures for the starts, of course, are slower in being obtained and have to be collected from all over Canada. I am giving the facts as we know them in Central Mortgage and Housing Corporation, but if it will help the hon. member I am delighted to say that in the same eight week period the number of loans approved by lenders and the corporation—this means that the builder can start immediately—totalled 6,011 compared with 526 a year ago. The figure for the eight week period this year is probably the largest number of approved loans in the history of Central Mortgage and Housing Corporation in the same period, and there is no reason why the builder cannot start immediately once the loan has been approved. Does that answer the hon. member?

Mr. Garland: In answer to the minister, may I say it does not answer the hon. member because an attempt is being made to create the impression that all is well when in fact all is not well.

Mr. Speaker: Order. Perhaps the hon. member will reserve his comments for the time when the issue can be debated. It is not a matter for debate now.

CRIMINAL CODE

INQUIRY AS TO AMENDMENT TO PERMIT PROVINCIAL LOTTERIES

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like to direct a question to the Minister of Justice. Did the minister have any discussions with the premier of any province last week on the question of an amendment to the Criminal Code to provide for provincial or national lotteries? If so, will the minister comment on those discussions?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, a week or so ago I replied to a question regarding this matter, and at that time I said that the matter was under review and when any policy decision by the government had been taken it would be announced in due course. From time to time there are discussions between various ministers and their opposite numbers in the provinces or perhaps other provincial ministers on matters of this kind. Any such discussions would be of an informal and unofficial nature, and I have nothing to report.

ST. LAWRENCE SEAWAY

REPORTED INCREASE IN INSURANCE RATES

On the orders of the day:

Hon. Leon Balcer (Minister of Transport). Mr. Speaker, with respect to the inquiry by the hon. member for Assiniboia about a report regarding an increase in insurance rates for shipping using the St. Lawrence seaway, I understand that an increase is contemplated but is not solely related to the St. Lawrence seaway. It is for inland navigation as well as navigation on the great lakes.

I should emphasize that these rates are not under the control of the government but are set by the private companies which write the insurance in the light of shipping experience. The only thing we can do is to ensure that in so far as our governmental facilities are concerned we have done everything possible

to avoid the risk of accidents, and this we most certainly have done and will continue to do.

The St. Lawrence seaway authority advises me that while there were 110 vessels involved in accidents within the seaway proper during the 1959 navigation season, there were only 41 vessels involved in accidents in the same area during the 1960 navigation season.

CANADIAN NATIONAL RAILWAYS

STATEMENT RESPECTING PROTESTS AGAINST INTENDED LAY-OFFS

On the orders of the day:

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, with reference to the question asked by the hon. member for Assiniboia concerning a letter from the secretary-treasurer of the employees' local federation of the Canadian National Railways system in Edmonton and the two questions on the same matter by the hon. member for Kenora-Rainy River, may I say that I duly received a copy of the letter and referred it to the management of the Canadian National Railways, who inform me there is not a nation-wide lay-off scheduled to take place on March 17, nor is there any large scale lay-off in contemplation. I may say that the hon. member for Edmonton West has also spoken to me about this matter.

The management does point out, however, that the level of the working force of the railway will vary both upward and downward under the influence of seasonal requirements and traffic volume. There are some reductions, approximately 30, being made at various points throughout the mountain region because of lack of work.

With respect to the telegrams received by the hon. member for Kenora-Rainy River, I made inquiries of the management and I am informed that five car helpers at Fort Frances are affected and three labourers at Rainy River.

Both hon. members made some reference to the Maintenance of Railway Operation Act, and I am assured by the management that the provisions of the act have been scrupulously observed.

MONCTON—REPORTED INTENTION TO CEASE MAKING MAJOR REPAIRS

On the orders of the day:

Mr. H. J. Michaud (Kent, N.B.): I should like to direct a question to the Minister of Transport. I regret that I did not have time to send him notice of this question, so perhaps he would take it as notice and answer at a later date. Can the minister inform the house whether it is the intention of the Canadian National to cease making major repairs to first class cars in Moncton?

Hon. Leon Balcer (Minister of Transport): I will take this matter up with the management of Canadian National.

UNITED NATIONS

CONGO—INQUIRY AS TO SAFETY OF CANADIAN PERSONNEL

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of National Defence. Following last week's incidents in the Congo, has the minister received from United Nations authorities any report giving assurance with respect to the safety and security of Canadian airmen and soldiers serving there?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, the concern of the Canadian government has been brought to the attention of the officials of the United Nations.

Mr. Hellyer: Has the government made any suggestions that Canadian personnel be not required to travel in small groups in sensitive areas?

Mr. Green: No, Mr. Speaker.

INDUSTRY

CANADIAN CAR, FORT WILLIAM—MAINTENANCE OF OPERATIONS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to ask the Prime Minister whether he has an answer to the question which he took as notice last week, regarding any intercession Premier Frost may have made to him or his government concerning a contract for the Canadian Car Company in connection with the Bobcat vehicle.

Right Hon. J. G. Diefenbaker (Prime Minister): I can only speak for myself, but an examination of my files indicates I received no letter.

COAL

CAPE BRETON—REQUEST FOR MEETING OF LABOUR, MANAGEMENT AND GOVERNMENTS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Two weeks ago, and again a week ago, I asked the Prime Minister a question which he said he would answer the next day, whether a request had been made

for a coal conference by the premier of Nova Scotia, and if so whether such a conference is to be held.

Hon. George C. Nowlan (Minister of National Revenue): With respect to that question, there have been discussions going on among the province of Nova Scotia, the united mine workers and the government of Canada. In a discussion I had with the premier of Nova Scotia when he was attending the dominion-provincial conference, tentative arrangements were made to hold a joint conference in the week of March 20.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO INCLUSION OF FARM LABOURERS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Labour. Can the minister bring the house up to date on the progress being made by the committee inquiring into the possibility of bringing farm labourers under the Unemployment Insurance Act? Has the minister yet received a report?

Hon. Michael Starr (Minister of Labour): As recently as two days ago I made further inquiries as to the progress being made in this area. I am informed that the matter has so many complications, so many difficulties, that the committee is unable to report as yet.

Mr. Argue: Can the minister give the house any idea when a report may be made?

Mr. Starr: All I can say is that I have been pressing for this and will continue to press.

COMMONWEALTH CONFERENCE

REPORTED INTENTION OF PRIME MINISTER TO SEEK DECLARATION OF PRINCIPLES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister whether he cares to comment on a report which appeared the day before yesterday in London, England, that at the forthcoming prime ministers' conference the Canadian Prime Minister will propose a commonwealth declaration of basic accepted principles with regard to human dignity.

Right Hon. J. G. Diefenbaker (Prime Minister): I would not want to comment on that. I would simply say, as I have said on many occasions, that while it is difficult to secure a declaration for the commonwealth which would be applicable to all its members, it would be a desirable objective if it could be attained, that the commonwealth might stand for a certain body of principles. When one comes to consider this question from the point of view of parliamentary government, of fundamental freedoms and such various other phases as readily come to mind, the difficulties connected with any such declaration must be apparent.

DRUGS

BARBITURATES—INQUIRY AS TO FEDERAL PARTICIPATION IN CONFERENCE

On the orders of the day:

Mr. Romuald Bourque (Outremont-St. Jean): I should like to direct a question to the Minister of National Health and Welfare; I apologize for not sending him notice. The mayor of Montreal, in view of the seriousness of the goof ball problem, has called a meeting for Friday of this week to study ways and means of combating this evil. I understand the federal government has been invited to send a representative. Is it the intention of the minister to send a representative from his department to attend this most important meeting?

Hon. J. W. Monteith (Minister of National Health and Welfare): As I mentioned in reply to a question by the hon. gentleman some days ago, the department has a committee working on this particular problem. The invitation has not come to my attention as yet.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO TABLE ATTACHED TO PRIME MINISTER'S SPEECH

On the orders of the day:

Hon. Paul Martin (Essex East): I should like to address a question to the Prime Minister based upon the speech he made at the dominion-provincial conference and which is attached to *Hansard* of yesterday as appendix No. 1. Is it not a fact that in addition to the speech there was a table which is not included with this particular speech? Perhaps if that is so the Prime Minister would be good enough to table it so it could appear as an appendix to today's *Hansard*.

Right Hon. J. G. Diefenbaker (Prime Minister): There was no table attached to any remarks made by me.

PENSION ACT

FURTHER AMENDMENTS RESPECTING COMING INTO FORCE, ETC.

Hon. Gordon Churchill (Minister of Veterans Affairs) moved that the house go into

committee to consider the following resolution, which has been recommended to the house by His Excellency:

That Bill C-67, an act to amend the Pension Act, now before the house, be amended to provide for (a) its coming into force on the first day of March 1961; and (b) certain benefits to dependent parents and to persons deemed to be widows.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

The Deputy Chairman: Shall the resolution carry?

Some hon. Members: Agreed.

Resolution reported and concurred in.

Mr. Churchill thereupon moved that the said resolution be referred to the committee of the whole on Bill No. C-67.

Motion agreed to.

AMENDMENTS INCREASING PAYMENTS, PERMITTING APPEALS, ETC.

The house in committee on Bill No. C-67 to amend the Pension Act—Mr. Churchill—Mr. Rea in the chair.

On clause 1.

Mr. Churchill: I have just a few brief remarks to make.

First I should like to thank the committee for agreeing so readily to the resolution which was occasioned by the necessity of putting it on the order paper because the amendments which are now about to be proposed, place a financial obligation on the government. The same thing was done in the 1953-54 session when a somewhat similar amending bill was before the house.

It is my intention when we reach sections 5, 8 and 13 to have proposed to the house amendments which incorporate the ideas put forward by the standing committee on veterans affairs. I should like at this point to thank the standing committee on veterans affairs for the careful attention that was given to the bill when it was before that committee, and for bringing forward these—

The Deputy Chairman (Mr. Rea): Order. I wonder whether the hon. members who are standing behind the curtain would please lower their voices. It is almost impossible to hear the member who has the floor.

Mr. Churchill: I was just at the point of expressing my thanks to the standing committee on veterans affairs for the careful attention they gave to the bill when it was before that committee, and for bringing to our attention matters which require some adjustment.

We have reached the stage in this bill where we are close to concluding our deliberations. We had a lengthy debate as will be recalled at the resolution stage. The bill was up for second reading and was then referred to the standing committee on veterans affairs for a detailed study. It is now back before us for our consideration section by section. The bill appears to have met with general approval and I hope that the house will be able to deal with it expeditiously today. When we have third reading it will be sent to the other place for their consideration.

As I pointed out earlier in respect of this bill, we have attempted to bring up to date certain aspects of pension legislation that required attention. We have to a certain extent met suggestions that have been put before us by the Canadian Legion and other veterans organizations. The main feature of the bill is to increase pension rates for disabled pensioners. This increase averages 20 per cent across the board and will bring the disabled pensioners' pensions more in line with what has always been intended with regard to pensions. These pensions are partial compensation for injuries suffered on the battlefields. It has been the intention of parliament over the years to have pensions correspond to average incomes in various categories in the country. From time to time the pensions have fallen below those averages. We are at this stage by this increase bringing them up to a position which I think is proving acceptable to our pensioners in Canada. I hope that the house will be able to approve this bill this afternoon.

Mr. Carter: Mr. Chairman, this bill has already been thoroughly discussed in committee. We know that all hon. members are anxious to expedite this legislation as much as possible. I rise merely to again express support for this bill and to thank the minister for accepting the recommendations of the committee in regard to increasing the benefits to dependent parents in order to bring them in line with the general increase in other benefits contained in this bill. We regret that, since it was necessary to introduce legislation making these benefits retroactive to the first of this month, the government did not see fit to make them retroactive to the first of January. I think it was the feeling of most members of the committee that it would have been more appropriate to make the benefits retroactive to the first of the year since this action had been foreshadowed in the speech from the throne.

The only other regret we have is that the government did not see fit to include a third provision in the new resolution, namely one

to take care of those pensioners who, because they receive war veterans allowance, will not benefit from this legislation. In the committee the minister informed us that there are some 13,000 individuals in this group representing about 9 per cent of all pensioners. Although they will receive an increase in pensions under this legislation, the war veterans allowance they are receiving will automatically be reduced so that there will be no actual benefit. We urge the minister and the government to look further into this problem and to bring forward legislation to correct the position of these pensioners at the earliest possible date.

Mr. Herridge: Mr. Chairman, the standing committee on veterans affairs held six meetings. One of those meetings was held in the attic of the west block. We did not mind that somewhat unusual situation; in fact we are so greatly interested in this problem that we would meet in the coal cellar if it were necessary. I want to say that there was excellent attendance at these committee meetings on most occasions although there were absences caused by the number of committees meeting at that time. It is most difficult for members to attend these meetings when there are two or three committees sitting at the same time.

At the meetings we heard representations from the Canadian Legion, and the dominion council of war amputations of Canada, the Canadian council of war veterans associations, and we received a written brief submitted by the national council of veterans associations in Canada.

We are pleased that the government saw fit to accept recommendations of the committee in regard to the bill's coming into effect on March 1, regardless of the date it is proclaimed, and the recommendations that certain widows receive the same percentage increase as the general increase in the bill. Like the hon. member who has just spoken we regret that the government did not see fit to make the bill retroactive to January 1, particularly in view of the state of uncertainty that has existed in regard to this legislation for over a year. We also regret that consideration was not given to those pensioners in receipt of war veterans allowance who will not receive any benefit at all through the passage of this legislation.

The representatives from the Canadian Legion expressed general satisfaction with the increase in pensions provided by the bill and suggested some other amendments which we can discuss later.

The Canadian council of war veterans associations suggested that the increase should have been 33⅓ per cent and suggestions were made as to amendments to the bill itself. The war veterans association of Canada suggested terms which do not come within the compass of the bill. They urged the government to give consideration to extending the provisions for treatment and disability pensions to members of the allied forces who have become citizens of Canada. They asked the government to accept this responsibility.

The brief of the national council of veterans associations in Canada contained only one recommendation urging that the increase should be 33⅓ per cent.

Hon. members of this group are pleased that the government has accepted the two recommendations unanimously approved by the committee. This will alleviate the fears of a number of veterans that they would lose another advantage in respect of this bill. It will also please dependent mothers and other dependents who should be in receipt of these benefits.

I think that is all I have to say but I will possibly make more comments as the clauses of the bill are brought before the committee.

Mr. Peters: Mr. Chairman, we are pleased that the minister accepted the amendments which will help to eliminate some of the problems that have existed. I wish, however, to point out the need for hon. members on all sides of the committee to give consideration to urging the government to reinstate the basis upon which the pension was initially granted.

Originally the disability pension was to be approximately equal to the lowest wage rate in the country, namely the wage commanded by the pick and shovel man. Gradually over the years we have lost sight of this ratio. When the various veterans organizations asked for an increase of 33⅓ per cent they were not even asking that the ratio be reinstated to its original premise.

The national council of veterans associations point out how the relationship between the disability pension and the average wage in Canada has altered over the years to the disadvantage of the pensioners.

According to the national council which comprises such organizations as the Hong Kong veterans organization, the average wage rate in Canada in 1939 was $1,220. The basic pension at that time was $900 which represented 74 per cent of the average wage. In 1947 the average wage had increased to $1,800 and the basic pension to $1,128, a decrease in the ratio to 60 per cent. In 1951 the wage rate had increased to $2,480 and the basic pension to $1,500, the pension representing 60.5 per cent of the average wage. In 1957 the average wage had increased to

$3,520 and the basic pension to $1,800, a decrease in the ratio to 51 per cent. Hon. members in all parts of the committee should give consideration to urging the government to return the relationship between the basic pension and the average wage to a more equitable basis.

The government, of course, may increase pensions as it sees fit but I think consideration should be given to the proposition I have advanced especially in view of the fact that today we encourage young people to enlist in the armed services.

I was not present at the last meeting of the committee on veterans affairs but what occurred there tends to dispel the belief that no party politics are played with respect to veterans affairs. Various veterans organizations will read with some interest the discussions which took place in the committee. I was surprised at the extent to which politics entered those discussions. I was amazed that hon. members felt under an obligation to follow the instructions of the government instead of advancing their own ideas and making constructive recommendations. The practice of following the wish of the government in this and other committees should not be followed in the future. Particularly with respect to the committee on veterans affairs it is important that politics should not enter the discussion.

I did not participate in the previous debate with respect to this legislation because I wanted to see what would be the result of the deliberations of the standing committee. I am pleased that to a large extent the minister is ignoring the political implications that have arisen in respect of this bill and has suggested today that he will bring in amendments in keeping with the recommendations of the committee.

Mr. Montgomery: I had no intention of speaking, but when the hon. member for Timiskaming rises in his place and charges that politics were used in the committee, I say this to him. Let him repeat that charge; let him name the member who brought politics into the committee and let that member answer to him. As far as I know, no politics were introduced into the committee, at least by supporters of the government to whom the hon. member was referring.

I do not want any member of that committee, as a matter of fact, to lie under such a charge because I do not think any of them had the idea of playing politics. Furthermore, I know the minister did not instruct any members of the committee to vote in any particular way. This is another suggestion the hon. member made and one which I must not allow to pass unchallenged. I think the committee may have felt that it would like to see this pension dated back to January. Some of the members, no doubt, would like to have seen it dated back a year. But there is, as always, the money problem. Everyone co-operated in that report recommending that it be dated from March 1 and I am surprised that the hon. member should get to his feet and make charges which, I believe, are unfair to the other members who served on that committee.

Mr. Carter: I rise to make a suggestion before clause 1 is carried. I presume that the bill when it is printed will have the same format as the one in front of us now, and I think it would be helpful to the veterans who may be studying it if, after clause 1, below the words "substituted therefor" we inserted the written direction "See pages 2, 3 and 4." Then, again, I think it would be clearer if, on the opposite side under the explanatory notes, there could be written the words: "See pages 2a, 3a and 4a".

I know that when I began to study this bill it took me a little time to catch on to which schedules were the old ones and which were the new ones, and I think the suggestion I have made would be helpful to many people who will have to pay attention to this act.

Mr. Speakman: Like the hon. member for Victoria-Carleton, I have a few remarks to make which I had not intended to make. The hon. member for Timiskaming made certain statements; I do not know whether one could call them charges. However, I should like to point out that all of the members of the committee are veterans. In addition, a good many of them are pensioners in receipt of disability pensions and had they voted in favour of extending these provisions back further it could have been said they were voting in their own financial interest.

I should just like to quote a statement which has been made and which appeared in a Canadian Press dispatch of February 20 with reference to the attitude of our friends in the corner and their proposed new political affiliation. It is written by Bill MacDougall of the Canadian Press under the dateline, Niagara Falls, Ontario. The dispatch says that Professor John Morgan of the University of Toronto school of social work was speaking in connection with the proposed formation of the new party. Among his recommendations—

The Deputy Chairman: Perhaps the hon. member would point out to me what relation that dispatch has to the bill now before the committee.

Mr. Peters: I am greatly interested in something that happened in this house a few weeks ago in relation to this bill, namely the discussion of the clauses required to make the provisions retroactive and the accusations which were made at that time together with the results of those accusations.

I hasten to say that in my remarks I certainly did not accuse either members or the chairman of the committee on veterans affairs of engaging in politics, but politics certainly entered into this matter and I should like to refer to the report of the committee on February 23. At that time there was before the committee a motion moved by two members of the opposition. Here is one of the statements that were made. I do not think we need refer to the hon. member who made it although that could be done if it were desired. The statement is as follows:

> May I say this? As long as I have been associated with this committee on veterans affairs this is the first occasion on which political partisanship has come into play.

Then the statement goes on:

> I shall be glad to make my statement without political bias. However, it is a fact that members of the government are placed in an awkward position.

Then, after some other statements by another member, the record continues:

> I wish to say that I am not speaking against these payments being made retroactive. I am in favour of these increases being made to the veterans pensions. I have worked for them consistently for many months, and I believe that the most expeditious way in having them brought in at the earliest moment is for this committee to support the government in the method which they have chosen to bring in these increases, thereby taking no chances for a further delay in the matter. Our best course is to follow along the lines which have been set by the government.

Another hon. member goes on to say:

> We are torn, as it were, between two choices, like a father with two sons. If a recommendation has been made by the cabinet, or by the minister, and apparently it has been, I submit that the government members have no other alternative than to support our government. But on the other hand, we are all veterans; we know how much this means to them, I think that we are being put on the spot.

I suggest that there were political overtones in this statement. In my remarks I did not enter upon a discussion of what those political overtones were. If you still think I am being unfair, Mr. Chairman, I will quote from other sections in the report statements which indicate that many of the members have not yet grown up to the stage where they are able to face their responsibility and make recommendations on the basis of their own opinions. Instead, it is clear they are inclined to prejudge what the government or the cabinet or the minister will do.

[The Deputy Chairman.]

As I said before, I am pleased with the statement which the minister has now made. It is a statement which shows that some members of the committee were prejudging the minister incorrectly, because it appears that the hon. gentleman himself is probably going to make the recommendations as to which the members of the committee should have taken a stand on their own initiative instead of hedging, perhaps in belief that to do otherwise would run counter to their membership in a political party.

I would only point out that these basic requests have been made by organizations to which many of us belong and which most of us support. I have been a member of the Canadian Legion for many years and, speaking for myself, I may say I am one of those who fall into the category mentioned by the last speaker. If this increase becomes effective I will receive an increase in my pension, though it will not be enough to make any difference one way or another. Incidentally, that fact is not to be taken as a reason why I was not at that meeting or as a reason why I would have refused to vote for it.

This is my contention. We should bear in mind the fact that we have an obligation to the veterans to bring their pensions in line with the average wage in the country which they would be entitled to receive if they were in a physical condition enabling them to perform work in that line. Veterans' pensions should bear a fair and just relationship to the average wage in the country. I think we should bear that fact in mind. I am not criticizing anybody and I have not mentioned anybody.

I think we should bear in mind the fact that we should deal with veterans affairs in a non-political way, and hope this will always be the case. The political party to which we belong should not be taken into consideration. We should have consideration only for the larger organization to which we belong, namely the veterans organizations, and the veterans' preference and veterans' status that all members of the committee have attained because of the service they have given to their country should be kept in mind.

Clause agreed to.

Clauses 2 to 4 inclusive agreed to.

On clause 5—*Veteran deemed to be married.*

Mr. Churchill: On clause 5, Mr. Chairman, I propose to ask the Minister of Labour to move an amendment which clears up a point that has caused a little trouble. This is virtually the same as section 30 (11) (b) of the War Veterans' Allowance Act. It makes

provision for the pension commission to deal with those instances in which there is some doubt concerning the validity of a marriage. Here, in regard to the person who is living for seven years with a pensioner prior to his death, that person may make application to be considered for pension purposes if otherwise qualified. This brings the Pension Act in line with the War Veterans' Allowance Act. The amendment will be read by the Minister of Labour.

Mr. Starr: Mr. Chairman, I move, seconded by the Minister of Defence Production, that:

Clause 5 of Bill No. C-67 be amended by deleting the word "subsection" in line 2 of clause 5 and substituting the word "subsections" and adding immediately after subsection (5) which follows the following subsection as subsection (6):

"(6) For the purpose of this act, a woman who

(a) was residing with a veteran immediately prior to his death and was prohibited from celebrating a marriage with him by reason of a previous marriage either of such veteran or of herself with another person, and

(b) shows to the satisfaction of the commission that she was, for seven years or more, continuously maintained and publicly represented by such veteran as his wife

shall, where the commission in its discretion so directs, be deemed to be the widow of that deceased veteran."

Mr. Carter: We are happy to have this amendment. I think it clears up any doubt that might have prevailed as to the status of the common law wife once the veteran is deceased, and on that account we welcome it.

Mr. Herridge: Mr. Chairman, I am feeling a bit nervous with a minister in front of me and another former minister behind me breathing down my neck, but I must say that I am pleased, as I am sure are all members of the committee, to see this amendment. As any former member well knows, it clears up a bad situation that has come before the veterans affairs committee on repeated occasions throughout the years because of members having most unfortunate cases brought to their attention. I have in my own constituency one which this amendment will remedy, it will bring justice to the unfortunate woman in question. I am sure the veterans organizations will be pleased. While to some this amendment may seem unimportant because it does not affect a large number of veterans or veterans widows; nevertheless it does affect a certain number. By including this amendment in this measure we are doing something that will bring a great deal of happiness to at least a few homes in Canada after this legislation is passed.

Amendment agreed to.

Clause as amended agreed to.

Clauses 6 and 7 agreed to.

On clause 8—*Discretionary pension to parent in certain cases.*

Mr. Churchill: On clause 8, Mr. Chairman, we have an amendment to suggest; it is rather lengthy and somewhat complicated. In substance, what it amounts to is this. The amendment will do two things. It will increase the maximum payable from $480 per year to $576 per year, and it will increase the ceiling from $576 per year to $1,296 per year to the dependent parent where the pensioner has died leaving a pensionable child but there is no widow entitled to the pension.

Section 38, subsection 2 of the Pension Act now reads that the pension to the dependent parent cannot exceed the amount stipulated in the section so long as there is either a child or a widow, either or both of whom are entitled to pension. Under the new legislation the child's pension will not be considered in deciding to pension the dependent parent.

This change adds to the financial obligation of the government, I think, only about $75,000 in a grand total of approximately $30 million that we have been considering, but it will count in part of the resolution that we had to use to precede the study of the bill in committee of the whole house.

Mr. Starr: I move, seconded by the Minister for Defence Production, that:

Clause 8 of Bill No. C-67 be amended by deleting subclause (1) of clause 8 and substituting the following subclauses therefor:

"8. (1) Paragraph (a) of subsection (1) of section thirty eight of the said act is repealed and the following substituted therefor:

'(a) the member died without leaving any widow or divorced wife who is entitled to pension or a woman awarded a pension under subsection (4) of section 36, and'

(2) subsection (2) of section 38 of the said act is repealed and the following substituted therefor:

"(2) Where a member of the forces has died leaving a widow or divorced wife who is entitled to a pension or a woman awarded a pension under subsection (4) of section 36, in addition to a parent or a person in the place of a parent who, prior to the enlistment of the member or during his service, was wholly or to a substantial extent maintained by him, the commission in its discretion, may award to each such parent or person a pension not exceeding five hundred and seventy six dollars per annum, or in any case, where, after the death of the member, the pension to the said widow or divorced wife who is entitled to a pension or the woman awarded a pension under subsection (4) of section 36, has been discontinued, may award to any one such parent or person a pension not exceeding the pension that might have been awarded to such parent or person if the member had died without leaving any widow or divorced wife entitled to a pension or woman awarded a pension under subsection (4) or section 36."

Subclause (2) of clause 8 is renumbered as subclause (3).

The Deputy Chairman: The committee has heard the amendment. Are hon. members ready for the question?

Mr. Carter: Mr. Chairman, this amendment arises out of a recommendation made in the committee where this problem was discussed very fully, and I do not think it is necessary to enlarge on the matter at this time. We are particularly happy that the amount has been increased from $480 to $576. This means a straight 20 per cent increase which corresponds to the other increases in the legislation.

The figure of $576 is merely a ceiling. What it amounts to is that the discretion of the Canadian pension commission has been increased to that extent but it does not follow that all parents will automatically receive the top figure because I understand there is a means test to be applied in connection with any award made under this statute.

Mr. Herridge: Mr. Chairman, the members of this group are pleased that the government and the minister saw fit to accept the unanimous recommendation of the committee with respect to the amendment of this section. Members of all parties noticed this anomaly in the bill we had before us and suggested this amendment. While I am on my feet I should like to say that I am of the opinion that this section is one of certain sections of the Pension Act that it is difficult to administer with a view to bringing the greatest satisfaction possible to the persons who come under its provisions. I have brought to the attention of the commission a number of cases involving persons who were entitled to some assistance under the act. My experience has been that after an assessment of all the circumstances the commissioners have tried in every way they could to administer this section of the Pension Act as fairly as possible.

Amendment agreed to.

Clause as amended agreed to.

Clauses 9 to 12 inclusive agreed to.

On clause 13—*Commencement of payment of increase.*

Mr. Churchill: Clause 13 will be deleted and an amendment substituted which the Minister of Labour will move.

Mr. Starr: Mr. Chairman, I move, seconded by the Minister of Defence Production (Mr. O'Hurley):

That clause 13 of Bill C-67 be amended by deleting clause 13 and substituting the following clause therefor:

"13. This act shall be deemed to have come into force on the first day of March, 1961."

[Mr. Starr.]

Mr. Peters: Mr. Chairman, on two counts I should like to thank the minister for introducing this amendment. First of all, a precedent may be set whereby some consideration will be given to the fixing of a date in other legislation rather than leaving it open. Second, in my opinion he has allowed a much better examination of this legislation by the opposition than is usually the case. A gun was not held at the heads of members of the opposition in that it was not said that additional discussion would mean that the opposition would be doing something to cause delay in people receiving the benefit of the legislation. I think the veterans organizations that were able to appear before the committee and those that were not able to do so will be quite thankful to the minister for making the legislation retroactive and taking away the threat that if the legislation were held up along the line anywhere somebody would have to pay so far as pension benefits were concerned.

Mr. Herridge: Before the amendment carries I should like to ask a question of some importance to some people. It has been the tradition and practice throughout the years for the parliamentary secretary to the Minister of Veterans Affairs to accept as a personal and almost individual responsibility, shall I say, the work of listening to the representations of and looking after what are known as the non-pensioned widows in Canada. Does the present parliamentary secretary intend to carry on that tradition and practice?

Mr. Jones: Mr. Chairman, I think the duty of the parliamentary secretary to the Minister of Veterans Affairs is to do all those things that should be done with regard to any matter coming under the jurisdiction of the minister. Certainly the matters that have been referred to by the hon. member for Kootenay West are among them.

While I am on my feet I should like to pay my tribute at this time to the work done by the committee and particularly to the chairman of the committee, the hon. member for Victoria-Carleton. All through the deliberations of the committee its affairs were conducted in a very able manner. Once again I should like to point out that in connection with pension matters where, as every member knows, the pension commission operates on an independent basis, the remarks of hon. members in the house and in the committee are most helpful. This is in fact the only direct way in which they can make their views known to all the members of the pension commission.

I should also like to mention particularly the contribution made by the hon. member

for Antigonish-Guysborough in connection with the amendment of clause 8. I say to all hon. members of the standing committee and of this committee that their contributions have been most helpful.

Amendment agreed to.

Clause as amended agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rea): When shall the said bill be read the third time? Now, by leave?

Some hon. Members: Now.

Mr. Churchill moved the third reading of the bill.

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

AGRICULTURE

PROVISION FOR AGREEMENTS RESPECTING MARGINAL LANDS, RURAL EMPLOYMENT OPPORTUNITIES, ETC.

The house resumed from Wednesday, January 25, consideration in committee of the following resolution—Mr. Hamilton (Qu'Appelle)—Mr. Rea in the chair:

That it is expedient to introduce a measure to authorize the Minister of Agriculture to enter into agreements with provincial governments or agencies thereof for the undertaking jointly with those governments or agencies of projects for the alternative uses of lands that are marginal or of low productivity, projects for the development of income and employment opportunities in rural agricultural areas, and projects for the development and conservation of the soil and water resources of Canada; for the payment to the provinces of contributions in respect of the cost of such projects undertaken by a province or agency thereof; to authorize the Minister of Agriculture to undertake programs of research and investigation in respect of these matters; to provide for the establishment of advisory committees and the appointment of their members, and to provide for other related and incidental matters.

Mr. Baldwin: When this resolution was last before the committee on January 25, I had made a certain amount of progress in my remarks in connection with it. I should like to repeat now what I said then in support of the minister's viewpoint that this resolution, in effect, has two quite distinct but related and collateral objectives. It seeks to beneficially affect those people engaged in our agriculture industry who, because of the uneconomic size of their unit, the impoverishment of the soil or other reasons, have not been able to achieve the standard of living which we feel should be achieved in this country. In addition, there was also the objective of attempting to make certain that others in the agriculture industry do not come to that level. You may well describe them as twin objectives, namely both cure and prevention. It is well known that prevention is much cheaper than cure.

The minister was of course, quite correct when he pointed out that, primarily, we must direct our attention to alleviating the circumstances of those who are now in difficulty. However, we must not forget the other aspects of the matter to which I referred. Since this resolution was last discussed, Mr. Chairman, it has been considered by others outside of this house. Recently the executive of the Canadian Federation of Agriculture met in Ottawa and presented a brief to the cabinet. I have had an opportunity of reading this brief, as I suppose have other members. On page 10 the federation makes specific reference to this particular resolution. I offer this reference to the committee because it is an opinion that comes from those to whom we may refer as the senior statesmen of agriculture throughout Canada. This opinion is one that certainly cannot be lightly regarded. I quote briefly the comments made by the Canadian Federation of Agriculture:

Broad enabling legislation is being introduced to parliament by the Minister of Agriculture at this session. We welcome this legislation, as you know, since it promises to meet major demands of Canadian Federation of Agriculture policy and important needs of farmers. The government's thinking on this question appears to us to be very much in line with our own. We are anxious to see the program under the proposed agricultural rehabilitation and development act develop strongly and in a well co-ordinated way. It must be administered in a consistent way within the broader concept of optimum use of renewable resources.

Mr. Martin (Essex East): Will my hon. friend permit a question?

Mr. Baldwin: I should be glad to have the questions later, but my time is limited.

Mr. Martin (Essex East): At the end of your speech?

Mr. Baldwin: At the end of my speech, yes. I am going to leave to other members of the committee who may want to speak on this resolution the opportunity to deal with what we might term the substantive measures which are referred to in this resolution and which I hope will be carried forward into the legislation. I think this is a case where a close examination of the resolution indicates that there are also great benefits flowing from what might be termed the procedural elements of the resolution. The minister has suggested the way in which we might achieve these desirable results. These suggestions are not entirely new or novel. However, they do constitute a departure as related to the subject of agriculture.

Marginal Lands

When I spoke on this subject previously I mentioned what we could achieve here and compared that with what had been done in the United States in connection with the Tennessee valley authority project. This project was conceived primarily to deal with wasteland in the Tennessee valley but had the related objectives of community development, soil and water conservation and the provision of recreational facilities. It is my hope that when this legislation is introduced its provisions will be wide enough to permit that type of regional planning, particularly with regard to agriculture. I must, of course, relate it to agriculture. This country needs that type of development in many of the areas of what I might call the perimeter of the development. Agriculture in these areas must become more diversified and more sophisticated. We do not want to see the elimination of agriculture or those farmers brought into the cities who are on what we might call the borderline of making a livelihood and who depend on the type of rural redevelopment in that particular region.

My belief is that this scheme could well be applied on the basis of regional and river-basin area development. I refer, of course, to my own district, namely the Peace river area. May I say in passing, sir, that just recently the President of the United States sent to congress a message in the course of which he underlined the fact that the proper maximum development of the national resources, including agriculture, in his country could well be increased by means of proceeding along regional lines. I believe in yesterday's Toronto *Globe and Mail* I noticed a news item dealing with the report made by a professor A. K. Cairncross of the University of Glasgow who had made an inspection of the Atlantic area and reported to the premiers of those areas. Professor Cairncross stated that, in his opinion, this country had reached a stage where it must seriously consider regional planning.

A great many things are included in that matter, Mr. Chairman, and I believe they fit within the four corners of this resolution. I refer to soil and water conservation, reforestation, the provision of recreational areas, community development, the development of electric power, and so on. In that connection, may I say that I was very greatly interested in reading not long ago that something along this line had been done in Manitoba, not on the basis of regional planning but on the basis of community planning. This was not a case of large sums of money being given to the community by senior governments. The people living in these agricultural communities and in the market towns which serve them had been helped to help themselves. These people had laid the groundwork, done the planning and persuaded secondary industries to come into the area in order to give them a more diversified way of life. I suggest, Mr. Chairman, that this is what we might well do under the terms of this particular resolution and the bill which will follow it.

There is one further feature in connection with regional planning and regional development as applied to agriculture areas. We find that governments now must accumulate unto themselves a large repository of power in order to meet the centralization of industry, the growth and centralization of unions and so on. I believe we all agree that is necessary, but regional planning along the lines I suggest would permit a decentralization of power, a decentralization of the administrative authority. I want to relate that matter particularly to the development of the Tennessee valley district.

There was obtained the consent of seven states and the federal government to yield to some extent a portion of their authority, and to vest that authority in a T.V.A. commission. This commission, vested with this authority from the states and the federal government, was able to provide a type of autonomous authority which was of great benefit to the district concerned. It would be good under legislation of this kind to vest authority in a local autonomy in order to allow the carrying into effect of the plans of a regional authority such as the one I have mentioned, and to allow it to exercise that authority without being forced to return to Ottawa, Edmonton, Victoria or the other provincial capitals.

When I refer to the procedural aspect of this resolution I feel that it offers a fair opportunity for advancement. We are in the stage of our national development in which we are ripe for the benefits which will flow from this resolution. I have related this resolution to my own district, namely the Peace River country, an area which up to the present time has been almost exclusively restricted to agriculture. At this time we are now coming to the stage of secondary industry, with pulp mills, logging, timber mills, the development of natural gas and petroleum resources, and many other improvements in our way of life and the way in which our people are able to earn a living. The difficulty we have faced in the past has been the necessity of going to Victoria, Edmonton and Ottawa for authority, and most of the development which I have described has been seriously hampered and hindered by this type of divided authority.

As I said before, I am realist enough to believe that we will never change the situation so far as the provincial authorities are concerned, so far as the boundaries are concerned; but, through the medium of the agencies which are envisaged by this resolution, I am confident that we can make up much of the ground we have lost. For this reason I am pleased to give my strong support to this resolution. I hope that it will meet with the approval of all members.

Mr. Martin (Essex East): Mr. Speaker, would the hon. member permit a question? In his speech, which I found interesting, he referred to the representations made yesterday by the federation of agriculture regarding this matter. I am sure the hon. gentleman will recall that the federation of agriculture urged the passage of this bill at the earliest possible moment. I believe they urged the passage of this bill at this session. Does the member not think the minister is therefore in error in causing a delay to take place as a result of the proposal that the bill be studied further before it is given final passage in the house this session?

Mr. Baldwin: I would say this. Judging from the way in which legislation and measures before this house have been held up from time to time, we may well be in Ottawa for some time. Under those circumstances I would suggest that it is probably wise to allow every member from an agricultural area to express a viewpoint at the resolution stage so that when the resolution is translated into legislation the minister will have the advice of all members interested in agriculture, including the hon. member for Essex East.

(Translation):

Mr. Michaud: Mr. Chairman, the resolution which the committee of the whole is now discussing relates to the development and rehabilitation of agricultural areas.

When the resolution was introduced on January 25 last, the Minister of Agriculture (Mr. Hamilton) stated that 21 per cent of the Canadian farms yield less than $1,200 a year to their operators. As far as the Atlantic provinces are concerned, the picture is much darker still than for the country as a whole. These are, by provinces, the figures quoted by the minister:

Province	Percentage of farms with annual production under $1,200
Newfoundland	78 per cent
Prince Edward Island	26 " "
Nova Scotia	61 " "
New Brunswick	59 " "

Marginal Lands

Today, I should like to deal with that problem more particularly as it relates to the province of New Brunswick.

Mr. Chairman, in order to avoid hasty conclusions on the face of those statistics, it is necessary that the scope of the question be enlarged. Indeed, I believe that the explanations given by the minister until now are much too succinct and do not reflect the issue from all its angles.

The statistics given by the minister are quoted from the 1956 census.

Now, this was the definition of a farm in connection with that census:

> Any agricultural unit was considered a farm:
> (a) When the production value was $250 a year; and
> (b) when the acreage was three acres or more, without considering the production value.

Again according to the 1956 census, 24.4 per cent of farms in the province of New Brunswick contained from 1 to 50 acres, and 33.5 per cent from 51 to 100 acres of land.

In the light of those statistics, it is obvious that there is a close connection between income and acreage, and it would seem that if such a large proportion of farms in New Brunswick yield such an insignificant yearly income, the cause would have to be found in their size as well as in the quality of the soil. Yet, I am afraid that the Minister of Agriculture when introducing his resolution on January 25 last, left quite a different impression, namely that the low income from marginal or submarginal land was more particularly due to poor soil. That is an error which should be avoided when planning for the rehabilitation of some submarginal agricultural areas. That is why the first essential step when considering the problem would, to my mind, be a detailed classification of soils, in order to find out which are unsuitable for general farming. While it is important to turn to alternative uses any land which is unsuitable for general farming, all land which could produce food economically should be kept in production in New Brunswick.

When introducing his motion, the minister pointed out that agricultural over-production in our country should be taken into account. I must say that such conditions do not exist in New Brunswick, because, except for potatoes, we have to import from 50 to 75 per cent of all agricultural products we consume. The figures are 10 per cent for butter, 80 per cent

for cheese, 60 per cent for pork, 50 per cent for beef, 50 per cent for fowl, 35 per cent for eggs and 75 per cent for vegetables.

Need I say more to show that what is needed in New Brunswick is not a program to reduce agricultural production but rather a program to increase it?

On the occasion of a day of economic studies organized in Moncton by the extension department of St. Joseph's University, in December last, Mr. Camille Chiasson, an agronomist employed by the New Brunswick department of agriculture, dealt quite competently with the agricultural situation in the province. His remarks covered four aspects of the problem. These four points, to which I subscribe, are as follows:

1. A regional development program. This implies a detailed survey of all resources of an area and requires the co-operation of all elements of the population: chambers of commerce, educators, clergymen, businessmen, professional associations, co-operatives, etc. To those who would claim that this problem is the sole concern of farmers and that they alone are responsible for a solution, I would recall the words of President Eisenhower who said that the minimum farm income of any area is not entirely an agricultural problem, but that it is related to the whole economy and that it can be settled only by the development of all the resources of the area.

The results of such a survey—they will necessarily vary from one area to another—will allow the guiding of agriculture in such or such direction: improving of farming or breeding methods; introduction of new crops and new marketing facilities; establishment of small industries, etc.

2. The farmer will have to change or at least modernize his ideas. Those who work in our rural areas cannot help notice that the few farmers who succeed are those who have kept pace with conditions and brought in some changes such as an increase of their acreage and their stock, mechanization, specialization, etc. But they are a minority and it is surprising to see the great number of those who are still trying to earn their living on the few acres and the number of livestock which their grandfathers had.

This modernization is no less important in woodlot development. When one thinks of how much waste there is in the exploitation of our forest resources, one is surprised to see there are still some left.

In certain cases, it would be advisable to give back to the forest, marginal or poor lands that should never have been cleared.

3. Where it is impossible to increase farm acreage, it would probably be possible to turn to special productions such as:

(a) sheep, hog or poultry farming;

(b) small fruit or vegetable farming;

(c) blueberries;

(d) Christmas trees.

4. Production and marketing co-operatives. It seems a waste of time to insist on that point, but unfortunately there are too many farmers who are not convinced that there lies their only hope. One should look at what happened in the case of the specialized producers near the larger centers. In spite of the importance of their operations, they have been forced to unite in order to survive. There is no other means to prevent vertical integration.

I should like to point out now that the school would have a great contribution to make to an agricultural development project. Such was the argument of Hon. Adrien Levesque, minister of agriculture in the province of New Brunswick, presented in October last before a group of farmers meeting in Moncton. As a matter of fact, we may wonder to what degree the rural school as it is has delayed agricultural progress.

The fact is that our school system does not predispose the child to love the land and farming. Rather, it prepares our rural youth for life in the cities, not in the country. Not that the rural school should be raised to the level of an agricultural school, but it would only be normal, it seems to me, that without neglecting the teaching of basic subjects it should promote the development of a rural spirit and the knowledge of basic elements of agriculture, which is totally defective in the present system.

One must say, in all fairness to certain areas of Prince Edward Island and New Brunswick, that certain traditions contribute to underline the agricultural importance of those areas. In those two provinces where potatoes are grown on a large scale, school opens two weeks earlier, that is around mid-August, but they are closed for a corresponding period during harvesting.

Such practice allows school boys to help the industry of the area at the time when labour is more in demand. I must say that where that practice prevails, agriculture is generally more prosperous than elsewhere. Would it be because, among other things,

young people have been taught the importance of the industry which is the foundation of the regional economy?

In view of its relation to the matter we are now discussing in this house, I should like to quote part of an editorial published in *L'Evangeline* of October 26, 1960:

Agriculture is now at the crossroads. Is society directing it towards an impersonal form of farming, whereby the land, having become the property of limited companies, will be scientifically developed by employees who have nothing to say on the management of the company, employees who most likely will be organized, and who will get a weekly salary like their counterparts in industry?

Must we accept the disappearance of farmers' traditional families, tilling the soil, breeding animals, with the help of their sons who thus prepare themselves to take over?

Agriculture must be reorganized in such a way as to allow farmers to enjoy a better way of life, in keeping with their status as land owners. When farmers once again occupy in society the first rank place which is theirs, it will then be easy to promote agricultural pride.

The day is gone when farmers' sons, anxious to operate a farm with success, could quit school when they were 14 years old. Today, farmers are facing technical problems requiring higher education, wide technical knowledge, and great competence.

The rural school should promote love of the farm through a greater awareness and better appreciation and show the way to prosperous farming through respect for everybody's rights and co-operation of each individual for the common welfare.

Mr. Chairman, it has been proved by now that agriculture must keep abreast of the times. Modern agriculture cannot perpetuate customs and routines passed on from father to son. The farmer has to apply new methods, increase his efficiency, and reduce his costs. Moreover, rational farming requires general regional planning involving the co-operation of all farmers in a spirit free from selfishness, pettiness and envy.

Mr. Chairman, those are the many problems which we have to face in respect of all proposed rural projects, and let us hope that the one we have before us will be the answer to the tremendous responsibilities we have to shoulder. In formulating the terms of this bill, and later on, in seeing to it that they are carried out, the government will have to seek the co-operation of all people of goodwill at all levels of our society. The aim is well worth the effort. The government should also consider the wise recommendations made by the Senate committee with regard to this matter.

I want to conclude my remarks by quoting some of the major recommendations of that committee, which might serve as a guide to everyone concerned. I quote:

Whereas there is a need of elimination of problem areas in Canada where farm businesses are small, productivity low, and incomes inadequate for family requirements: The committee recommends,

(1) (a) That further research be undertaken to define more clearly the nature of the problem in low income areas and to pinpoint their location.

(b) That a federal-provincial rural development program be instituted to deal with areas of greatest need.

(2) That in implementing such a program the provincial governments participate on a co-operative basis; such co-operation to include the principle that both provincial and local authorities assume major responsibility for the identification of problems and needs of local areas and the initiation, planning and development of appropriate action programs.

(3) That the federal and provincial governments co-operate in assisting any such program with financial and technical assistance, said financial assistance to be provided through a cost sharing agreement.

(4) That the federal and provincial governments provide for a larger farm-management service and expansion of educational facilities with particular emphasis on leadership to ensure a prompt dissemination of the research results to those farmers who will be most benefited therefrom.

This program is comprehensive and will require a great outlay of funds. Nothing less, however, could provide an answer to the basic problem of our agriculture. It is the future of the family farm and of the whole farming community that is at stake.

(Text):

Mr. Murphy: I should like first of all to congratulate those hon. members who have already taken part in the discussion of this important resolution and I am certainly not excepting, but including, the last speaker who I think made a marvellous contribution to this debate.

This is, I think, one of the most important resolutions to come before us in this present session and I am happy to see the way in which this subject is being approached by members on all sides. The resolution itself is comprehensive and to my mind it is one of the most important to come before parliament since I have been a member. Actually it is in keeping with other progressive legislation introduced by the government this session. I am going to say this. I have been a member of the house for 17 years and I do not recall any other session during which so much progressive legislation has been introduced and passed in such a short period of time.

On reading the resolution one must conclude that it allows a great deal of free-wheeling in discussion. There are two aspects of it to which I should like to address myself. You will have noticed, of course, Mr. Chairman, that one aspect of the motion deals with

the water resources of Canada and I should like, of course, to deal with that aspect in particular. There are, in fact, so many facets to it, that a member is not really given the opportunity to deal with all of them. I therefore intend to confine myself largely to the subject of the water supply. Then, if I have time in which to do so, I shall deal with the situation in Holland and Denmark with respect to farming, because conditions there are relatively the same as they are in Ontario.

Water pollution is, in itself, a broad subject but certainly it is going to be one of the major problems facing us. It is, I repeat, a problem, and its ultimate solution will be difficult. However, I am happy to note that this fact is being increasingly realized; and as a result of the work which will be done in consequence of the resolution being passed, I think a great deal will be accomplished. Serious attention must be paid to the water problem we face in this country. I say it is an extremely serious problem. I dealt with one aspect of it in an earlier speech and I hope to say more along the same lines today. I must say that the resolution is timely. As we all know, land use has been a matter for concern to the province of Ontario, and the government of that province has made extensive studies through the conservation council of Ontario and other agencies.

In this great era of change, with an accelerating tempo in almost every facet of our daily lives, the present so soon becomes the past that what we now do, and how we do it, must be equated with a critical eye to the future. This is not easy to do and yet so much depends on how well we do it.

The onrush of technological progress bears with it the hope for the future and, at the same time, a deep concern for the potential dangers it holds. While we exploit the one, we need to take extreme care to understand and to minimize the other. We must be sure that our concepts and our practices are attuned to the times and will keep the scales tilted in favour of man, his health and his well-being. From the monthly letter of the Royal Bank of Canada, Vol. 41, No. 4, entitled, "The Relationship of Man and Nature," I should like to quote as follows:

> To subdue nature, to bend its forces to our will, has been the acknowledged purpose of mankind since human life began, but the time has come for a revision of our conception of the benefits and responsibilities of holding dominion over all other created things. A new spirit is abroad as scientists and laymen realize that man and the rest of nature are united and individible.
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> At a time when great elemental forces are clamouring at the bars of our civilization, we need to discard our ideas of 'attacking' the forest, 'bringing under subjection' the mighty rivers, 'conquering' the mountains and 'subduing' the prairie. Instead, we need to make the most of all nature as an ally.

Somehow or other the basis of any conservation program must be tied to the continuing economic welfare of the nation regardless of the individual. The use of our soil and water, forest and streams, must eventually be restricted to those who respect and cherish this franchise. The establishment of this principle must be developed and accepted as part of our national attitude just as other rules of conduct are written into our way of life. They protect the individual as they protect the nation. This is very much the case with regard to food and water. Even the presence of water has not always assured man of his food. Abundance often breeds laziness, and the subsequent neglect of water resources can bring stagnation to man and his food production.

I have had the pleasure of attending in this country and in the United States, many meetings on conservation, particularly concerning water pollution which knows no boundaries. Here is a problem area in which we need to break down the barriers of provincialism, the prejudices of proprietary interest, and the varieties of narrow, hereditary points of view, too commonly shared by so many of us. We all recognize that our advancing society needs more water for domestic use and much more water to produce the things we eat, wear and use. To provide adequate water in usable form, when and where needed, and to do this within a reasonable cost, is essential to our way of life.

It is an interesting commentary in this technological era that the availability of adequate water, the world's most plentiful substance, remains an essential key to man's progress. In this country and on this continent our water resources, their use and misuse, are rapidly becoming a prime critically urgent national problem. Beyond satisfying thirst, there is no single water problem but rather a multiplicity of complex problems, issues and questions spanning the technical, political and social fields. In composite these constitute the ingredients that make up public water policy and, in turn, such policy goes to the very heart of our economy.

What we do, for instance, in making available sufficient water determines in a major way the location and prosperity of industry and its supporting populations. For most industries the availability of water is more important even than is the proximity to raw materials or to markets; and the manner in which this water is used affects agriculture, wild life, recreational facilities and the like.

Consideration must be given to the problem so that the ideal habitat of water fowl and wild life will be protected. I am referring to marshes. When we talk about comparative use we must consider the simple mathematics of space.

Another fundamental consideration is the control of water resources. The manner in which this matter is ultimately resolved draws the pattern of land use of great areas of our continent. Among the things to be considered are the impact of water shortages, the complexities of interregional conflicts, the urgency for expanding beneficial uses. All of these demand not necessarily control but attention and action and some degree of co-ordination.

In the North American countries and, of course, elsewhere each of us has a personal and a proprietary interest in how this is done and even more specifically, where and how the authority for doing it is located and administered. To put the water problem in perspective we must first focus on man, his patterns of behaviour and his new-found upsurging technology. May I say this by way of illustration, and this is very important. The great lakes and their connecting rivers are the natural boundary between the United States and Canada for some 1,100 miles, from Duluth to Kingston. The United States population now approaches 180 million, being up 40 per cent in two decades. The metropolitan growth trend will continue. Within two decades, three quarters of this wall to wall population will live in metropolitan centres. We are seeing the development of gigantic metropolitan complexes extending hundreds of miles along superhighways and major waterways. This development also applies to Canada but to a lesser extent. Technological growth is even more fantastic. This statement holds when viewed by any yardstick you might choose, such as gross national product, raw materials, energy requirements, transportation or communications.

In addition to the oil and gas drilling menace to the great lakes, we must realize that the chemical industry and the petrochemical industry are two segments of our economy which are showing phenomenal growth. Synthetic chemicals, plastics, detergents, pesticides, solvents and the like are skyrocketing, not only in quantities but also in diversity. Literally hundreds of new chemicals come into production and use each year. To illustrate, may I point out that these facts, in the field of plastics in the United States in 1940, production was 150 million pounds. Last year it was well over 5 billion pounds. Synthetic detergents increased in 20 years from 15 million pounds to 1.3 billion pounds. For the same period production of synthetic pesticides and other agricultural chemicals increased from 8 million to 540 million pounds. I cite these particular examples because of their impact as potential pollutants on our water resources, and these will have a great effect on the waters of the great lakes. Our production, Mr. Chairman, as you know, is in proportion to the population of the United States.

In the backwash of these tidal waves are growing needs for usable water and greater competition. These factors will tax to the limit our fresh water resources. It is therefore no wonder that, as a resident on lake Huron and as chairman of the Canadian-American committee on water pollution, I am greatly concerned about oil and gas drilling in the great lakes. We all know that the leases are granted by the provincial government of Ontario. Any pollution from this source concerns several of our departments of government, including external affairs, fisheries, public works, transport, national health and welfare, agriculture and northern affairs and national resources; yet we find ourselves handicapped because we cannot take action unless there is extensive pollution.

I should like to take advantage of this opportunity to pay tribute to the international joint commission which has made great strides in co-operation with the Ontario government and the federal government of the United States in studying the problem and recommending measures to abate the pollution.

A few moments ago I gave an illustration with regard to a run-away oil well not too far from the shores of lake Huron, in Michigan, from which, before it was capped, 100,000 barrels of oil were released. It seems unfortunate that we are obliged to wait for something like this to happen before we can do anything. Yet the provincial government continues to grant leases for oil exploration, which might more properly be termed oil exploitation in many cases, in lake Erie where companies operating for 30 years have never paid a dividend.

Under this resolution I must bring to the attention of the committee the fact that the presence of oil in our water in the great lakes would do much to crucify our tourist industry, our bird life and our fishing, and it would be a menace to health since we in western Ontario are no doubt going to have to depend on our water supply from lake Huron, and this factor is certainly going to affect our agricultural production. I have said

before that the area from Toronto to Windsor will be depending on water from Georgian bay and lake Huron before 10 or 15 years have passed.

The national anarchy in water pollution policy and control programs must be ended. It is time for the province of Ontario and the federal government to get together and see the problems and work together to correct them. This must, of course, be done in co-operation with the United States. Today the people are pollution conscious and want action. The federal government can do something about pollution from the ships which are using the great lakes, and the Ontario government can reconsider its policy of contributing to pollution in the great lakes by issuing licences to drill on property they have already leased to these exploration or exploitation companies. We find one agency of the provincial government insisting on sewage treatment plants, and the plants we have in the east and have maintained previously are not good enough; and we find another agency of government granting leases for oil and gas drilling to foul the waters of our great lakes system. Let us stop fouling our own most important natural resource.

While I am on this subject and since I have spoken on this matter previously in the house, I should like to say that we have been complaining about this objectionable oil and gas drilling in the great lakes by those companies which maintain, as they have maintained over the years, that there is no danger of spillage with all their modern technology and new equipment. A moment ago I gave an illustration of the spillage of 100,000 barrels of oil from a well before it was capped. What would have happened had the oil well been in a lake?

I am happy to have heard not long ago from the front benches of this government that some consideration is being given by the federal government of the United States and our federal government to a problem which has faced our two countries for many years, namely the habit of vessels on the great lakes using the great lakes to dump their used oil and sewage. The conclusion of the study should not be too long delayed. In fact, it has been delayed for 50 years, a period which is too long. The quicker this problem is solved the better; and it can be solved because we in this country and the people of the United States want that body of fresh water kept fresh in spite of any government action or inaction.

I am now going to refer to something that was brought to the government's attention last fall. The government must take heed of the protests from the east coast of our country against the practice of the atomic energy commission of the United States in dumping radioactive wastes some few miles off the coast; I do not know how many miles it is. However, I think one of the hon. members from New Brunswick or Nova Scotia raised this question last fall.

I say, Mr. Chairman, that this dumping of radioactive waste offers a new and potentially dangerous pollutant of the nation's water courses. The most serious potential danger to our long range health as far as water pollution is concerned will arise when the radioactive waste dumped at sea by the atomic energy commission starts spreading through the oceans. "Out of sight, out of mind" is not a very satisfactory way in which to handle this problem.

So far, since 1951 the atomic energy commission of the United States has dumped at sea 23,000 steel and concrete barrels filled with radioactive waste, and an A.E.C. spokesman has conceded that these barrels break up in ten years or less. Surely there are other places in the United States, such as rock caves, and so on, where this waste can be dumped until perhaps some years hence there can be a safe disposal system.

I think it is a crime that this practice has been allowed to continue and I am going to suggest to the government that the time for action is now. If these barrels, as has been indicated, will contain this radioactive waste for a period of only ten years or less, this material is then free to flow in the oceans. It is true that the oceans are big but it is also true that there must be plenty of space in the United States, in caverns or other places, where they can store this radioactive waste until the scientists of their country or some other country can determine a safe method of disposal. This nation should not stand idly by and let the United States atomic energy commission dump their continually increasing amount of radioactive waste into the Atlantic ocean or any other ocean.

Previously during this session of parliament I spoke about our sand beaches on the great lakes and referred to their pollution. Sand beaches are important in this or any other country because they afford to hundreds of thousands of youngsters and their parents the opportunity to use these beaches for recreation. Let us not deny them that opportunity in this country.

We in Ontario and people in most parts of Canada are blessed with a great deal of shoreline on the great lakes and on inland lakes and rivers but our population at the moment is only 18 million people or a little better. Consider the situation in the United States. At the moment around metropolitan areas such as Milwaukee, Chicago, Cleveland and

Detroit, none of which is very far from the capital of Canada, existing public ownership on the great lakes provides for only one quarter inch of frontage per person living within 50 miles of the shore. There is not a beach on the great lakes that does not show evidence of oil. For thousands of miles on our side of the great lakes every sand beach and every other kind of beach, according to samples taken last year, showed evidence of used oil. It is no wonder that the minister of energy resources in Ontario is much concerned about the practice of ships dumping their used oil into our great lakes system.

I share with him that view and, as I said a moment ago, I hope that our government in conjunction with the United States government will see that this practice is stopped. As I said, this situation is caused by ships using the great lakes. In co-operation with the government of the United States our government can require ships using the great lakes to have on board containers into which their sewage, garbage and old oil can be dumped for proper disposal at some municipal sewage treatment plant. The people of Ontario have put up with this situation for long enough and the time for action is now. I said before and I say again that where people become pollution conscious, as the people of my constituency in southwestern Ontario have become—and I am sure the same should be true of many more areas in Ontario at least—they are more conscious of pollution than they are of taxes.

When I spoke previously I said that I should like to deal with the application of science to agriculture as found in Denmark and Holland. These two countries are today practising scientific farming more effectively than is any other country in the world. While it is true that the land both in Denmark and Holland is relatively flat and that in many sections the soil is particularly good, there are other areas where the soil is far from satisfactory, so that the average high yield per acre recorded for these two countries cannot be credited to soil or climate.

Holland and Denmark have a high agricultural productivity. Holland has a population of approximately 10 million and Denmark 5 million compared with Ontario's population of approximately 5 million. The climate in both European countries is about the same as that in central and southwestern Ontario so that farming conditions should be somewhat similar in the three countries. For many years I have wondered why the farmers in Ontario did not make the same effective use of new discoveries as industry was making on the North American continent. A study of agricultural conditions in Holland and Denmark shows that farming does not need to lag behind industry as these two countries are adapting the same approach in agriculture that big industry has found so effective. The three main factors that have contributed to the extraordinary accomplishments of Holland and Denmark are:

(1) agricultural education, so effective and extensive that it reaches into every farm home in the country; (2) a large and effective advisory service, adequately supported by research institutes, experimental farms, pilot farms and demonstration fields; (3) an agricultural federation operated by farmers that gives a large measure of support and to an increasing degree guides the research and experimental policy of the two countries.

While the results accomplished are similar in Holland and Denmark, the methods they employ are quite different. In Holland the educational system is similar to that practised in Canada only it is far more intensive, starting with the young farmers and continuing through the training of agricultural scientists. In Denmark the training of the agricultural scientists is the responsibility of the state, but the training of the farm youth, either at boarding schools, folk high schools or agricultural high schools, is the responsibility of the communities these schools serve. While the state makes some contributions to the operation of the 28 agricultural colleges that train some 2,500 pupils, the direction and operation are the responsibility of local boards. In addition, night classes during the winter are attended by some 90,000 pupils.

In both Holland and Denmark practical farm experience is considered to be most important and those wishing to enter agricultural schools or to hold any post of importance must have several years' training on a good farm. As seen from the foregoing, agricultural education is held in high esteem in the two European countries.

In Holland the professors at Wagingen are responsible for teaching and the carrying on of independent research. Research institutes, of which there are about 22, are financed by the state but the direction is by a board of directors composed of farmers, college professors, research officials and government representatives.

The advisory services, which have nothing to do with the research institutes, have their own experimental units in different parts of the country. It is in these units that the more practical aspects of research are developed. In addition, many thousands of farm and field experiments are carried on by the farmers under the direction of the agricultural advisers. All senior agricultural advisers are university graduates. The assistants, of whom

there are a great many, are graduates of agricultural schools who in addition have had many years of practical training in the research institutes, advisory service units and experimental farms. Because the advisory services have their own experimental units, those wishing to sell farmers new fertilizer, spray material or farm equipment find it advantageous to obtain first of all the approval of the agricultural adviser before approaching the farmers, though this procedure is not obligatory. In addition to the foregoing, the farmers federation is responsible for all quality control whether seed, fruit, flowers or dairy products. In fact, the federation operates many control laboratories. In addition, they operate several soil testing laboratories and finance and operate the farm economic institute at The Hague which employs over 200 people.

The federation is yearly increasing its contribution to the research program of the country. The farmers sit on all research institutes and advisory service boards, and take a direct interest in quality control, economic and research programs. In Holland, many farmers may see a film depicting an experiment which includes the work evaluation of the farmers, the planting and harvesting of crops, the care of cattle and improved living conditions for the people, all of which can be accomplished by the application of science to rural life.

In Denmark agricultural activities are handled in a unique manner. With the exception of the agricultural college and the research farms, practically every activity is controlled and directed by the farmers federation, not by the state. In the case of the college and the research farms, the farmers make up the majority of the boards of each institute. Agricultural advisers, of which there are over 600 or one to every three or four hundred farms—and by the way, may I say that there are eight to ten times as many in Denmark as there are in Canada —are appointed either by the federation or local farmers' associations. The government contributes only about 25 per cent to the operating cost of these services. There are innumerable plant and animal breeding stations throughout the country and farm and field experiments are numbered in the thousands, practically all operated by farmers under the direct supervision of the agricultural advisers. In contrast to Holland, the Danes train farmers to keep first-class books, so that with a relatively small staff of economists they are able to obtain comprehensive figures on yields and quality of products throughout the country. Neither Holland nor Denmark operate with subsidies, their philosophy being that good cultural practice is better than state support. In either country, there is no arbitrary control of the farmers but through demonstrations and persuasion they are encouraged to adopt new scientific methods of farming.

In order to illustrate what extensive scientific application has accomplished in Holland and Denmark, may I make the following few observations.

In so far as Holland is concerned, during the last four years there has been a very marked increase in the amount of grass cut for drying, pressing and silaging. A breed of sheep has been developed that averages 1.88 lambs a year. Strains of fruit trees are under government control. Nurseries receive their scions from experimental stations. Practically all new orchards of apples and pears are dwarf trees, as it is claimed that the early bearing makes it more economical than planting normal size trees.

In so far as Denmark is concerned, over 75 per cent of all cows are bred by artificial insemination. There are 22 progeny testing stations where the quantity and quality of milk produced from heifers is determined in order to build up the average milk production. The same type of progeny control is practised with swine and other livestock, so that even though the present average production is at a high level, it is anticipated that this will still increase due to the new methods of improving livestock.

The Chairman: Order. I am sorry to interrupt the hon. member, but his time has expired.

Mr. Murphy: Thank you very much, Mr. Chairman. As one of the older members of the house, I should like to pay tribute to the minister for introducing at this time such an important resolution which will have such an effect on our economy.

Mr. Hicks: Mr. Chairman, I wish to take this opportunity to congratulate the Minister of Agriculture upon the introduction of this resolution and this new approach to agriculture in Canada. I greatly appreciate being given the chance of expressing my views on certain phases of it. I presume this resolution arose partly as a result of the review of the rural development program in the United States which was undertaken at the request of the Senate special committee on land use in Canada. I am well acquainted with the four members of the Department of Agriculture who made this investigation. The senior member was Dr. Booth, an expert in agriculture economics.

I wanted to make a few remarks somewhat along the same lines as those made by the hon. member for Peace River, especially as they related to the stand of the federation

of agriculture on this subject. I received the federation brief yesterday and I read through it rather quickly. I should like to quote from that part of the brief dealing with land and water use and rural development. It reads:

> Broad enabling legislation is being introduced to parliament by the Minister of Agriculture at this session. We welcome this legislation, as you know, since it promises to meet major demands of Canadian Federation of Agriculture policy and important needs of farmers.

As a member of the agriculture institute for Canada, I am certain that the resolution will receive the support of this group of scientific agriculturalists. This institute has a membership of 3,065 at the moment. One prominent member of the institute in my province recently wrote to me, and I should like to read a part of his letter:

> As an agrologist, I am very much inclined to the opinion that the government is to be commended for developing leadership in respect to land use, especially as it pertains to further increase of forest resources. In the long term, the proposal to utilize lands that are submarginal agriculturally for forest is very worth while. I understand that world requirements for pulp alone are going to overtax present softwood stands within a surprisingly few years. In my opinion, the forest resource is actually an agricultural resource and its further development is absolutely dependent on the application of agricultural techniques.
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> Recognizing the food surplus situation in respect to North America and the fact that the European mainland anticipates substantial agricultural surpluses within five years, I am satisfied that there is every justification for developing where practicable submarginal lands for the production of softwood for pulp and other timber requirements. In the long term, forestry is an excellent provider of employment. However, I am in no position to say how successful a planning program would be in providing employment over the next 30-50 years.

No branch of agriculture in Canada can remain static. It either goes forward or retrogresses. Never in history has the need for co-operation been greater than at the present time. The task of producing good food economically and of placing it where the thousands of hungry people require it, is one of extreme magnitude. It is suggested that, in so far as land use is concerned, this is a responsibility of the federal and provincial governments. We must embark upon a vast program of economic classification of our land. We must examine the position of agricultural areas in relation to the use of natural resources, land settlement, land productivity, standards of living, opportunities for the uniting of farms and the chances given for employment in other work for those who wish to leave employment on the farms.

The spread between the farmer's cost and his revenue from the sale of his products is serious. In my opinion, land use plays an extremely important role in this connection. The feeding of the poor of the world is not an agricultural problem, in my opinion, and cannot be pinned to the farmer. It is a social issue and can only be treated as such. Personally, I do not feel that the control of production is a serious matter but in some fields this tool should be used. The exception to this statement at the present moment is in regard to wheat and butter. I have made a few inquiries today in connection with butter and I should like to give you some figures in this regard. These figures were supplied by the dominion bureau of statistics.

Butter production per capita in Canada in 1957 was 20.3 pounds, in 1958 it was 19.1 pounds and in 1959 it was 18.1 pounds. From these figures you will notice that there is a gradual decline in the per capita consumption of butter. How do the figures in regard to margarine compare? In 1957 the consumption of margarine per capita was 7.8 pounds, in 1958 it was 8.5 pounds and in 1959 it was 8.7 pounds. You will notice in this case a gradual increase in the consumption.

I have some figures taken from pages 112 to 114 of the Statistical Review of 1959 showing the production of creamery butter and margarine in Canada. These figures run from 23.32 million pounds per year to 28.01 million pounds per year. Incidentally, these figures are for the years 1949 to 1958. The highest production was in 1958, being 28.01 million pounds.

In 1949 the production of margarine was 6.16 million pounds and it has gradually increased over the years until at the end of 1958 we find 12.13 million pounds produced.

I believe that one of the things hurting butter consumption today is fear of heart disease. This fear has been created throughout the country by press reports and in other ways, and even though I am sitting beside a medical adviser I am not convinced that the consumption of butter will do much damage to my heart, at least.

I have just received some figures from the dominion bureau of statistics but I have not had much time to look them over. These figures concern the number of deaths from heart disease in Canada from 1950 to 1959 and show a gradual increase to 48,244. I will give the figures for the years 1950 to 1959. In 1950 the number of deaths from heart disease in Canada was 38,000; in 1951, 39,000; in 1952, 40,000; in 1953, 41,000; in 1954, 41,000; in 1955, 42,000; in 1956, 43,000; in 1957, 45,000; in 1958, 46,000; and in 1959, 48,000.

I admit, of course, that the population of Canada has increased during the same years, a fact which accounts in some degree for the increased number of deaths in Canada per year. Let us look at the percentage of deaths from heart disease during this same period of time. In 1950 the percentage was 31.3; in

1951, 31.3; in 1952, 32.2; in 1953, 32.4; then in 1954, it rose to 32.2 per cent; in 1955, 33.5; in 1956, 33.3; in 1957, 32.4; in 1958, 34.0; and in 1959, 34.5.

Let us at this stage consider this situation. If we believe that the consumption of butter in Canada caused this increase in the number of deaths from heart disease, how can we explain the fact that the consumption of butter has been declining? Perhaps the increase in deaths has arisen as a result of the increase in the consumption of margarine in the last ten years.

Agricultural research no doubt increases production in Canada. We have an excellent supply of tools, equipment and personnel with which to do valuable research work in agriculture but surely no one within the sound of my voice would suggest that research in agriculture be curtailed as a method of controlling production. Research efficiency cannot be built up in a short time. This must take considerable time. I believe farmers' inefficiency is a major problem in our agricultural world today, and the resolution before us hits at the heart of this problem. I do not mean to suggest for one moment that we have a group of inefficient farmers in Canada. My suggestion is far from that. Many farmers are situated on poor land and cannot derive a desirable standard of living under these conditions. It has often been said that the public generally should support the unbalance in farming. This statement may be true over a short period of time but as a permanent policy it would be quite wrong. Things are moving fast in these days. The world today is a product of what we believed yesterday, and the world of tomorrow will be a product of what we believe now. If we are to avoid the mistakes of the past we must be prepared to accept our responsibilities in changing agriculture conditions.

There exists in the United States an agency known as the farmers home administration under the supervision of the United States department of agriculture and it provides almost the same assistance to the eligible farmers as the Veterans' Land Act provides. In other words, it provides farm operators with credit and technical assistance. Loans are made only when farmers are unable to obtain suitable credit at reasonable rates of interest from regular sources. This help is particularly suitable to small farms and provides farmers with assistance somewhat similar to that which the V.L.A. has provided in the past.

The Veterans' Land Act includes many features which, on analysis of the small farm problem, I suggest could be given consideration under this present program. Credit is made available at moderate rates and payments are flexible. Title of the land is held by the department and the farm operator is provided with technical supervision. I feel that what we should envisage is a broad program of rural development.

I should like to quote from a report of the third annual workshop of the Canadian Agriculture Economic Society, 1958 on the small farm problem. This reads as follows:

> To implement this program we will need many well qualified supervisors and managers. Happily in the farm finance field we already have a fine organization and developmental nucleus in the competent personnel of the Veterans' Land Act administration. We can build up the necessary resources and we already have the desire to work. What remains to be done and has to be started without any further delay is to speed up an active program.

I see no reason why similar arrangements cannot be made in eastern Canada, which I consider to be that part east of the great lakes. I would suggest that this arrangement could be similar in many respects to the community pasture program under the P.F.R.A. on the prairies.

Let me give you some figures from the 1958-59 P.F.R.A. reports. Since the inception of this program in 1937, 1,815,265 acres of land have been developed for pasture use. Sixty two pasture projects were in operation in 1958. They handled the equivalent of 117,032 head of cattle. The stock was owned by 5,835 patrons. I claim that this is big business.

A statement by Drummond and McKenzie relating to the royal commission on Canada's economic prospects, of January 1957 points out the drop in the labour force in agriculture. From 1946 to 1955 those engaged in agriculture represented only 30 per cent of the 1946 force. This fact is perhaps due to better wages in industry and the greater use of machinery which allowed lower production costs on farms.

Not likely more than 5 million acres of land can be released for other farm production because of the replacement of the horse by the tractor which has taken place. This figure could increase by a couple more million in 20 years as a result of the same trend.

If a community pasture program takes place in eastern Canada, it will of necessity take place slowly and gradually. It can make better use of marginal lands and will require certain supervision with supervisors having the power to control.

The moving of farm families is a problem where the farm has been held by a family for generations. If farms are to be taken over by the government in order to organize a community pasture the cost of some of the

land will be above its actual value because the owner is selling, in effect, more than the land.

The Gordon royal commission forecasts a population in Canada by 1980 of 26.7 million, or 70 per cent more than the population of 1955. The commission also made the following forecast with respect to the total consumption of major food items, taking 1951-55 as equalling 100 per cent: red meats will increase by 1980 to 214 per cent, an increase of 114 per cent; poultry will increase by 1980 to 218 per cent, an increase of 118 per cent; eggs will increase by 1980 to 231 per cent, an increase of 131 per cent; dairy products will increase by 1980 to 168 per cent, an increase of 68 per cent.

The total amount of grain consumed by livestock in 1954-55 was about 12 million tons. By 1980 it is estimated that there will be a 90 per cent increase in the consumption of grain by livestock.

If a program of tree planting is to take place it should not be delayed. Trees take time to mature for harvest; and I am of the opinion that if a program is to be inaugurated it must take place while there are in the north trees which may be utilized while the new trees are growing.

To sum up, I support this resolution in principle. I am proud to think that this government is providing courageous leadership in developing a land use program which should have the twofold effect of (a) creating increased export markets while (b) adjusting the unbalanced situation in respect to agricultural production. We must all realize, of course, that this program cannot be implemented in a decade but must be carefully planned so that it may be brought to its full development over a period of many, many years.

Mr. Horner (Acadia): Mr. Chairman, I wish to say a few words with respect to this resolution. As all hon. members are aware, Canada is a country richly endowed with natural resources and with a relatively small population. Canada has a population of approximately 18 million and a total land area of nearly 4 million square miles. Only 1 per cent of this land area is now in farms and one half of that 1 per cent is under cultivation. Actually, not too much of Canada's land surface is under cultivation, yet we must develop our resources to benefit all Canadians. This resolution will bring about a greater intensification of the use of our resources and perhaps also a greater diversification of agriculture generally in Canada.

This resolution proposes to take marginal land out of production and perhaps redirect existing production into the production of other products. The year 1960 was a reasonably good one for agriculture on the prairie provinces with the exception of some local conditions. Some parts of my own constituency suffered from dry weather while other parts enjoyed good weather and achieved record crops. Field crops were good in all the western provinces and wheat production amounted to 490 million bushels with a slight increase in the acreage seeded. Under this resolution it is proposed to redirect acreage, so we must examine what products are grown and consider which can best be redirected.

Wheat production in 1960 was up 19 per cent over that of last year. The acreage was up only 1 per cent while the yield was up 18 per cent, in terms of the number of bushels produced. The yield accounted for most of the increase in production. I point this situation out merely to make it clear that any small amount of land taken out of wheat production will not be enough because the yield makes a big difference in the production and unless the acreage can be reduced by at least 10 per cent no great change in production will come about.

The yield of a particular product is what determines the amount that will be available to place on the market. As I said, in redirecting land out of wheat production I would think we must redirect at least 10 per cent of the land now used for the production of wheat. Approximately 21 million acres are now given over to the production of wheat so there would have to be the redirection of approximately 2 million acres in order to have a substantial effect on production.

In looking over the figures it will be seen that acreage has already been reduced in Alberta by nearly two and a half million acres. Ten years ago Alberta had a wheat acreage of something over 6 million acres. Today it is slightly over 4 million. A reduction of 2 million acres has already occurred in that province with respect to wheat production. This land has been redirected in the production of barley, oats and other more diversified forms of agriculture.

To redirect more land would take a tremendous effort and whether it will be accomplished through this resolution is something that only time will tell. It appears that we must maintain our export position in world wheat trade. Of course, like other hon. members of this house, I am thankful that we have boosted our wheat exports this year through what perhaps might be described as unexpected exports to communist countries.

While our exports to Great Britain and Germany were down in 1959 I hope that the wheat board, now that it comes under the minister's department, will concentrate on regaining the lost sales to those countries and

make every effort to maintain our exports in what we consider to be our regular markets and channels.

In looking at some other field crops it will be seen that barley acreage has increased in Alberta but domestic use has increased as well. Our exports of barley last year were 64 million bushels. Approximately 170 million bushels of barley were consumed at home with a carryover of 120 million bushels. We had a total production of about 230 million bushels. The carryover of which I spoke was at the end of the 1959-60 crop year. That carryover would not be described as a surplus. While I do not think there is too much room for a greater acreage seeded to barley, certainly the present acreage could be maintained without creating any undue burden in terms of storage problems.

The same story is applicable with respect to oats. Domestic consumption is up and while we have some oats in storage, they are not surplus amounts.

In examining our imports of agricultural products I could not help but notice that 12 million bushels of corn were imported last year. Corn is grown principally in Ontario and Manitoba. Acreage in Ontario has doubled in the past ten years and nearly 500,000 acres in Ontario were seeded to corn last year. Perhaps this acreage could be increased again in order to produce more corn and cut down our imports of this particular product which surely can be grown in Ontario and Manitoba and, certainly in the irrigated parts of Alberta. Last year we had an exceptionally good year for durum wheat, and a great deal of it was grown. In fact there was an open quota on durum wheat and no doubt we shall see greater acreages next year though production cannot be expanded to any great extent.

Actually, the oilseeds present the greatest hope for expansion, and this resolution could help by speeding up measures of irrigation which would allow for increased production. Production of flax has remained reasonably constant. There was a rise in exports last year and, no doubt, there will be an increase in the acreage set to flax seed this year. Rapeseed is becoming a prominent crop in western Canada, and I think a greater acreage could be put to rapeseed as a result of measures which could perhaps be adopted in consequence of the present motion, namely, greater land use, an intensification of irrigation efforts, and so on. In fact, production of rapeseed was up by 40 per cent last year and, generally speaking, the farmers did well growing this crop in western Canada. Although the average yield declined somewhat compared with previous years I think that if the government were to take certain steps the acreage under this crop could be increased.

One of those steps would be to specify that rapeseed was a grain, thus allowing it to qualify for shipment at the same rates as those at which other grains are shipped through Canada. This step would reduce the cost of producing this product by something like two cents a pound and would greatly enhance the possibility of its taking over some of the acreage presently set to wheat. Another interesting thing about rapeseed is that only about 5 per cent of the margarine used in Canada contains rapeseed oil. I think that if we could develop domestic markets and lower the freight rate on rapeseed, in addition to creating land more suitable for the raising of this crop, rapeseed could play a more dominant part in our economy, particularly in western Canada. The same comments apply generally to sunflower seed and mustard seed. Production of these two crops could be developed and, perhaps, will be developed to a greater extent now that the new crushing plant has been opened in Lethbridge.

Most of the thought in western Canada in connection with this measure is directed to greater cattle production. Yet our marketings were 11 per cent higher in 1960 than they were in 1959 and our exports of cattle were down by something like 34 per cent. I point this out only to emphasize that while there may be room for a continued expansion of cattle herds in proportion to the expansion of our population, I cannot see the likelihood of their being increased to a point much ahead of the expansion of our population without prices being affected. Though prices remain steady, and even finished on an optimistic note at the end of 1960, I feel there is not much room for greatly increased numbers of cattle. Perhaps our consumption of meat could increase. I think it would increase if some of the chain stores did not feel they had to make such a large profit as they are now making, particularly on beef and pork.

Hog marketings were down last year by 20 per cent from the year before, and if conditions do not change overmuch, prices should remain reasonably steady. However, I do not think there is much room for any great expansion here.

To sum up with regard to the major products of western Canada, wheat is the only product in surplus as to which we should not like to see any increase in acreage. As for rapeseed, durum wheat, sunflower seed, mustard seed and, possibly flax, besides other vegetable crops including potatoes, these products lend themselves well to intensive

agriculture, the use of irrigation and so on, and there may possibly be increases in production.

I do not think the production of butter should be reduced. On the other hand, I think consumption should be increased. It is interesting to note that in Great Britain when they decreased the price of butter they found they immediately had more consumers of butter. They found that after they had decreased the price for a year, when they increased it a little the consumer continued to eat butter. But, first, the price had to be decreased in order to attract consumers away from margarine. So I would suggest we should maintain the small dairy herd. A great many farmers today still buy the food for their tables out of the weekly cream cheque and I do not think we should take any steps that would be likely to reduce this cheque; rather, I think we should increase the consumption of this product.

On looking at the measure more closely—

The Deputy Chairman: I am sorry to interrupt the hon. member, but it is six o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Habel: Could the leader of the house say whether there has been any change in the program announced last night?

Mr. Churchill: There has been no change. Tomorrow we shall commence with the budget resolutions. If that discussion is concluded we shall go on with the estimates of the Department of Agriculture. On Friday we shall take the estimates of the Department of Agriculture.

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

HOUSE OF COMMONS

Thursday, March 2, 1961

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

INDIAN AFFAIRS—CONCURRENCE IN FIRST REPORT OF JOINT COMMITTEE

Mr. Lucien Grenier (Bonaventure) presented the first report of the joint committee on Indian affairs and moved that the report be concurred in.

Motion agreed to.

Fifth report of standing committee on standing orders—Miss Aitken.

AGRICULTURE

SUGAR BEETS—ANNOUNCEMENT OF SUPPORT PRICE

Hon. Donald M. Fleming (Minister of Finance): As a result of the unavoidable absence of my colleague the Minister of Agriculture, may I on his behalf make a short statement which follows negotiations he and I have had with representatives of the sugar refining company involved and the Ontario government.

The agricultural stabilization board has been authorized to support the price of sugar beets for the year 1961. This will stabilize the returns to sugar beet growers in the sugar beet growing areas, namely in Quebec, Ontario, Manitoba and Alberta. Sugar beets for 1961 will be supported on the basis of $13.18, national average price per ton for beets yielding 16 per cent sugar, which is 102 per cent of the 10-year national average price. The prescribed national support price of $13.18 per ton for sugar beets yielding 16 per cent sugar is equivalent to the national average support price in 1960 of $14.23 per ton for sugar beets yielding 17 per cent sugar.

As a result, the support price arrangements for producers in Quebec, Manitoba and Alberta will remain unchanged from last year, and any deficiency payments will be equal to the difference between the prescribed price of $13.18 per ton of sugar beets and the national average price per ton received by producers.

In view of difficulties facing the Ontario sugar beet industry in 1961, a special arrangement, for one year only will apply to sugar beets grown in that province. The Ontario growers have represented to the governments that a return of $13 per ton was essential to meet their requirements. The processing company has undertaken to raise its purchase price by 50 cents a ton above the original offer. The province of Ontario will make a contribution, equal to 50 cents per ton, toward deficiency payments, payable in that province. Through the co-operation of the company and the province, Ontario growers will be assured of a market at a satisfactory return.

Hon. Paul Martin (Essex East): Mr. Speaker, I thank the Minister of Finance for this announcement. He will know undoubtedly that several times since the middle of January I have asked the Minister of Agriculture to announce a sugar beet policy for Canada which, he said in the middle of January speaking in Chatham, would be announced within the course of a few days.

Though this announcement comes rather late it is nevertheless very acceptable. When I indicated in the house the other day that in southwestern Ontario seeding operations would begin possibly by the end of March and on that account there ought to be an announcement forthwith, some hon. members did not seem to concur in this statement of fact. But Mr. Bissonet of Stony Point, a well know sugar beet farmer in my riding, said the other day, an announcement of government policy was something that was necessary. The minister recognizes the special situation which attends the Ontario sugar beet farmer, and which puts him in a position somewhat different from that of the sugar beet growers of Quebec and western Canada. Certainly the sugar beet grower in Ontario does not have the transportation freight advantage that exists in the case of the sugar beet grower in western Canada, and that has put him in a difficult position.

It has now been decided that there should be a floor price of $13.18 and the Ontario government is going to assist in the matter somewhat, to the extent of 50 cents a ton. The company has undertaken to make a contribution notwithstanding its alleged loss on its operations with regard to sugar beets in the factory at Chatham, Ontario. I am glad to see the Ontario government providing this assistance. It is emulating the practice of the government of the province of Quebec, a government that has for the past year or so been extending similar assistance.

Some hon. Members: Order.

Mr. Speaker: Order. The hon. member for Essex East is getting a bit far afield in his comment on the factual statement.

Mr. Martin (Essex East): Mr. Speaker, with great respect I do not believe I am. I was just about to point out that the Minister of Finance has said that the Ontario government is going to give some assistance, and that this practice has now been followed for some time in the province of Quebec. I do not see that there is anything wrong in that statement. The fact that it enrages hon. gentlemen opposite does not make it out of order.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I understood that you made a ruling that the hon. member was out of order in discussing the political aspects of this question.

Mr. Speaker: I expressed my view that the hon. member was going rather far afield, but if the hon. member for Parry Sound-Muskoka will read the rule he will find when a point of order is taken the member concerned has the right to express his view on it before the matter is made final. I do not disagree with what the hon. member for Essex East was saying, but it seemed to me that he did in fact go a little further than he acknowledged when he spoke to the point of order. I hope he will confine himself strictly to the factual content of the statement so that it will not be necessary for me to rise again.

Mr. Martin (Essex East): Mr. Speaker, in regard to this policy I am supporting the government. This is a matter that concerns farmers in my area and I propose, subject to the rules of this house, to exercise my right. Every time the hon. member for Essex East rises to discuss an important matter of government policy—

Some hon. Members: Order.

Mr. Martin (Essex East): —hon. gentlemen opposite seem to delight in making his task extremely difficult.

Mr. Speaker: Order. All hon. members of the house will recognize the force of what has been said and the susceptibilities of the hon. member for Essex East. I trust the hon. member for Essex East does not consider that he is discussing an important matter of government policy because there is no debate. The hon. member is entitled to make limited comment in a non-debating and uncontroversial manner.

Mr. Martin (Essex East): I believe that is exactly what I have been doing.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): I know that hon. gentlemen find everything—

[Mr. Martin (Essex East).]

Mr. Speaker: Order. I trust the hon. member for Essex East will proceed with his statement, and that hon. members will listen to him.

Mr. Martin (Essex East): I shall be very glad to proceed with my statement, Mr. Speaker, but I do not propose to allow this majority to interfere with my rights as a member of this house.

The policy contained in this announcement is, of course, limited to one year. The government announced that it was going to give a sugar beet policy to the country. Let it be understood that this is not a sugar beet policy, because a policy that is designed for one year only does not take into account the hardships and the problems that confront the sugar beet grower. However, subject to this limitation I welcome the statement made by the Minister of Finance. It will clear the air somewhat. It will enable the farmers to begin their seeding and to plan their acreage program, but I regret that it is only for one year.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we have listened with a great deal of interest to the statement by the Minister of Finance and the very drastic reaction of the hon. member for Essex East. He seems to take a much longer time on his statements on beets than he does on important statements on wheat.

Mr. Hellyer: The reverse might be said to be true of you.

Mr. Martin (Essex East): Mr. Speaker, when I speak at length I am criticized, and when I speak for a short time I am criticized.

Mr. Hees: You have a dreadful time.

Mr. Argue: The government's policy of national average prices coupled with deficiency payments has not worked out well for many industries, but to date it seems to have been a reasonably satisfactory policy for the sugar beet industry. At least that is the reaction that has come from the sugar beet growers.

I would have hoped that in announcing this policy the government would have announced a support price, a floor price, rather than a national average price, because very often in practice a national average price does not provide a floor and means lower prices for many producers. However, the sugar beet industry is such that fluctuations in price are not as wide as is the case in other industries. I think this announcement, coupled with the further supplementary guarantees from the government of Ontario and from the sugar beet processors themselves, should work out as a relatively satisfactory policy for one year.

The hon. member for Essex East has said this is not a long term policy. That is correct;

but we are getting a year to year policy from this government, and for the coming year I hope this policy will be extended.

Mr. Speaker: Order. The hon. member's comment is going far afield.

LABOUR CONDITIONS

UNEMPLOYMENT—ELIGIBLE AREAS UNDER DOUBLE DEPRECIATION PROGRAM

On the orders of the day:

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I should like to make an announcement with respect to the selection of areas eligible for double depreciation under the program announced in the supplementary budget of December 20, 1960.

Hon. members of this house will recall that one objective of this program is to assist new industries in areas where there has been a substantial degree of continued unemployment over the years. Areas which meet the following criteria may qualify under this program. They are broken down into two categories; areas with a labour force of 10,000 and over, and areas with a labour force of less than 10,000. In those areas where the labour force is 10,000 and over the criteria are first, the area must have been classified by the Department of Labour in a surplus labour market category for 75 per cent or more of the 48 summer months from May to October, 1953-1960. Second, industrial employment must have declined over the period 1953-1960.

Areas with a labour force of less than 10,000 must have been classified by the Department of Labour as in a surplus labour market category for 50 per cent or more of the 48 summer months May to October, 1953-1960. Second, industrial employment conditions must have generally deteriorated over the years.

Areas which qualify will be termed surplus manpower areas. These areas will have the same boundaries as labour market areas served by the national employment service local offices. Localities, as distinct from larger areas, which qualify will be termed surplus manpower localities. These, in most cases, will have the same boundaries as municipalities.

The term "surplus labour market category" used in the criteria, I might explain, has reference to the classification of labour markets which has been published monthly in the *Labour Gazette* by the Department of Labour since 1953.

Applications may be made by municipal authorities wishing to be considered for designation as a surplus manpower area or locality under this program. Examples of areas and localities which might qualify under this program are Springhill, Elliot Lake and certain localities in Cape Breton. The applications would be made to the Department of Labour, which would undertake the necessary investigations, in co-operation with the national employment service, to determine whether the areas and localities meet the required criteria. Based on the findings of these investigations, the areas and localities which qualified would be designated by the governor in council.

Hon. Paul Martin (Essex East): This announcement, while by no means complete as far as the needs of this problem are concerned, is nevertheless welcome. It is also, I suspect, an answer to the prodding which has taken place from this side of the house since the announcement of this policy last December.

On December 20 the Minister of Finance, in the only reference he made to unemployment, said the government proposed to embark on a program of double depreciation to assist in the relocation of industry and to encourage industry in depressed or chronically underemployed areas. However, no announcement concerning detail has been forthcoming until today.

Much time has been wasted, during which industries and municipalities affected might have been encouraged to take preparatory steps to enable them to take advantage of this particular provision. These steps might have been begun two months ago, and the delay is especially to be regretted when we bear in mind that there is no legislation requiring amendment in this house before the government could act or before municipalities or industries could seek to take advantage of this provision.

Mr. Benidickson: All we needed was an order in council.

Mr. Martin (Essex East): Yes. The Minister of Finance had indicated that only after there had been a full discussion of the budget could we anticipate any formulation of policy, or certainly any declaration of policy. The details announced by the minister will have to be carefully examined. At first glance they do not seem to cover all the details that municipalities or companies will want to consider in their assessment as to what advantage they may derive from this policy. No reference has been made by the Minister of Labour to the criteria which apply in similar circumstances in the United States and Great Britain. What is the required percentage of unemployed in terms of the total work force? Is it to be 5 per cent as it is in the United States, or 4 per cent as it is in Great Britain? Having in mind that our unemployed population represents 10.2 per

cent of our total work force, what is required in that regard before a municipality may take advantage of this provision?

Finally, I think that to require the municipalities to make an application is not in the best interests of the efficient operation of this program. The government should designate on the basis of its own determined criteria what are depressed areas, what are distressed areas and what are areas of chronic unemployment in Canada. Having determined that, the government should advise the municipalities of this fact so they may be made aware forthwith of the advantages which this plan proposes to offer them. I suspect there will be much delay as a result of imposing upon the municipalities an onus for action which I believe should rest on the government.

Mr. Frank Howard (Skeena): Mr. Speaker, hon. members and the public generally I am sure will recall that in January of 1958, before that eventful election day, hon. members of the C.C.F. were advocating something of this nature, foreseeing the complications that would arise in our economy under a Tory government. We are thankful that even though it is three or four years late a step is now being made in this direction. It is unfortunate that the minister did not deal with the relocation of industries and employees in areas of chronic unemployment and that the previous government had not the acumen to foresee this problem.

I understood from the statement that the onus is on the municipalities to make application. This is an inadequate approach. In addition to the provision relating to applications, the Department of Labour with its extensive facilities should undertake, if it has not already done so, surveys of areas it considers depressed, designate them as such and institute plans of this nature for those areas without the necessity of application being made.

A couple of weeks ago we were promised that the labour estimates would be dealt with quickly. It is now necessary for them to be called immediately in order that we may examine the details of this plan and see whether it meets the problem.

[*Later:*]

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Labour arising out of the statement he made a while ago concerning double depreciation. It was not possible for me to follow too closely, but before an area can qualify under the criteria mentioned by him must an application be made by the municipality concerned?

Hon. Michael Starr (Minister of Labour): That is correct, Mr. Speaker.

[*Later:*]

Mr. W. H. McMillan (Welland): Mr. Speaker, I would like to direct a question to the Minister of Labour. I believe he has given two examples of areas in Nova Scotia where double depreciation would apply. Since the regulations seem to be restrictive, I wonder if he could give one or two examples of areas in Ontario where this would apply apart from Elliot Lake.

Mr. Speaker: Order. Perhaps the minister is in a position to answer that question, but it seems to me this is a subject matter which the house will be discussing, and the hon. member's questions might well be directed at that time.

Hon. Paul Martin (Essex East): Mr. Speaker, in view of the great importance of this matter it would seem that the question put by the hon. member for Welland was a fair one. Perhaps the minister, since he has the information before him now, would not only reply to the question but would list all the depressed areas which the government has in mind as qualifying for this kind of assistance.

Mr. Starr: Mr. Speaker, I was prepared to answer the question but the hon. member for Essex East has of course delayed that answer by getting to his feet. Mr. Speaker, I can only repeat what I have said in this statement. I read it very slowly and carefully, but I will read it again. It reads as follows:

> Examples of areas and localities that might qualify under this program are Springhill, Elliot Lake, and certain localities in Cape Breton.

These have not been determined yet but as this criteria is set out these might qualify. As regards municipalities in Ontario or any other place in Canada, of course applications will be received from the municipal authorities. If the hon. member for Essex East feels that Windsor comes under these criteria then I wish he would say so, in order that it will help the municipal authorities there.

Mr. Martin (Essex East): Mr. Speaker, since the hon. gentleman has directed his question to me may I ask him if he does not think it is the duty of the government of Canada, particularly a government that said it would resolve unemployment, to decide if the city of Windsor or any other community in Canada in the judgment of the government deserves to receive this kind of assistance?

Mr. Starr: Mr. Speaker, since the member for Essex East does not know whether or not Windsor would qualify under this criteria, I might point out that this government will fulfil its obligations to the fullest if, upon the application of Windsor and following a complete investigation, it is found that it does comply with these criteria. The designation will then be made.

Mr. Speaker: Is the hon. member for Welland rising on a supplementary question?

Mr. McMillan: I would like to direct a supplementary question to the Minister of Labour. In all cases does the calculation go back to 1953?

Mr. Starr: The criteria set out provide that with a labour force of 10,000 and over, an area must have been classified by the Department of Labour as being in a surplus labour market category for 75 per cent or more of the 48 summer months, May to October, from 1953 to 1960.

Mr. Frank Howard (Skeena): I wish to direct a further question to the Minister of Labour based upon this statement. I would like to ask him whether he or the government has considered the fact that there are some areas in Canada that are not in fact included in municipalities but which might be declared as distressed areas. What is the situation in this regard?

Mr. Starr: Mr. Speaker, as I said in my statement there will be two types of applications, one on behalf of surplus manpower areas; the other on behalf of surplus manpower localities. A surplus manpower area takes in the same boundaries as the labour market areas served by the national employment service local offices.

[*Later:*]

Mr. Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour whether he can tell the house if there is any requirement, before a municipality can qualify for the application of double depreciation, in regard to the percentage of unemployed in terms of the work force; for instance, would a city like Cornwall, where the unemployed population is well over 10 per cent, be able to qualify for assistance?

Mr. Starr: Mr. Speaker, any area or locality can qualify if upon application it is ascertained by proper investigation by the Department of Labour and the national employment service that the area qualifies as set out under the criteria that has been set up.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I would like to ask the Minister of Labour what advantage the government feels there is in putting municipalities to the inconvenience of making these applications.

Mr. Starr: Mr. Speaker, the advantage is that should an area qualify, there would be the possibility of an industry locating in that municipality or area.

Mr. Hellyer: Mr. Speaker, I would like to ask a supplementary question.

Mr. Speaker: I do not propose to allow any more supplementary questions. The minister's original statement was discussed at some considerable length and there have been at least six questions allowed. Undoubtedly there will be an opportunity to debate the matter, and I think it would be improvident for the house to take more time or to debate the matter any further on orders of the day.

[*Later:*]

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to address a question to the Minister of Finance. Since December 20, 1960, when the minister indicated to this house that he had proposals with respect to double depreciation relating to chronic unemployment, has the minister taken any steps by regulation or otherwise under section 11 (1) (a) of the Income Tax Act to provide double depreciation for industries that might be in areas of chronic unemployment?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I do not know whether the hon. member was in the house earlier this afternoon. An announcement on this subject was made by my colleague the Minister of Labour.

Mr. Benidickson: Mr. Speaker, I was in the house. I think the information given by the Minister of Labour in no way relates to the question I have raised. I believe the question is properly advanced to the minister who recommends amendments to this house, if necessary, to the Income Tax Act.

Mr. Fleming (Eglinton): Mr. Speaker, the hon. member referred to areas of what he called chronic unemployment. That was the substance of the statement made by my colleagues this afternoon. Was there something more than that in the question?

Mr. Martin (Essex East): The hon. member asked whether you had passed the required order in council.

Mr. Benidickson: My question was, has the Minister of Finance, who I assume would be the minister advancing amendments which concern the public, through orders in council, under section 11 (1) (a) of the Income Tax Act, since December 20 last recommended

or provided regulations that in any way fulfil the declaration asserted in his supplementary budget speech of December 20, 1960?

Mr. Fleming (Eglinton): Mr. Speaker, I think the hon. member will have to be more specific if he wants a more specific answer than the one I gave a moment ago. If he will be specific, I will endeavour to be equally specific in my answer. At the moment he has referred to a statement made in the supplementary budget speech of December 20, concerning the application of double depreciation to new industries located in areas of what he called chronic unemployment. I have drawn attention to the fact that this was the subject to which my colleague the Minister of Labour addressed himself in the statement he made this afternoon, which was followed by many questions.

Mr. Benidickson: Mr. Speaker, when I used the words "chronic unemployment" I was of course using words used by the Minister of Finance on December 20.

Mr. Speaker: Order. The hon. member is inquiring about regulations which may have been made under a statute. I would think that if regulations had been made, the information would be equally available to all members of the house when those regulations were published. In any event, the hon. member has made three attempts at the question and I think we might proceed to other business.

Mr. Benidickson: Mr. Speaker, I think you will agree—

Mr. Speaker: Order. Is the hon. member rising on a point of order?

Mr. Benidickson: Yes, I am rising on a point of order, sir. I think you will agree that not all orders in council are made available either to the public or to members of the House of Commons. The Minister of Finance has the opportunity, under section 11 (1) (a) of the Income Tax Act, to carry out what he indicated would be done on December 20, 1960. This kind of information is not available to us all.

Mr. Speaker: Whether it is or not, the hon. member has had three opportunities to elicit information, and it seems to me that the matter has—

Mr. Chevrier: We have a right to know whether anything has been done.

Mr. Speaker: —had sufficient time to be dealt with.

Mr. Pickersgill: On a point of order, Mr. Speaker, surely hon. members of this house are entitled to know from a minister whether an order in council has or has not been passed pursuant to an act of this parliament. That is what the hon. member is asking.

Mr. Speaker: Hon. members are entitled to ask the minister whether an order in council has been passed. The question has been asked three times without clarification of the question or the answer; I am not sure which. My point is that we should pass to some business which we can deal with effectively. We will pass to orders of the day unless there is any other question to be asked.

Mr. Martin (Essex East): Mr. Speaker, I wish to pursue the point of order with which you have just dealt. The hon. member for Bonavista-Twillingate—

Mr. Speaker: Order. The point of order has been dealt with. It is a matter of discretion for the Chair as to how many supplementary questions will be permitted. I have already exercised considerable patience so that the hon. member for Kenora-Rainy River could receive an answer. I think enough opportunity and latitude has been given the hon. member, and he must accept my decision.

Mr. Martin (Essex East): Mr. Speaker, I seek to ask the Minister of Finance a question on this vitally important matter. Has the government passed an order in council in any further—

Mr. Fulton: On a point of order, Mr. Speaker, is it not a fact you have just ruled that sufficient supplementary questions have been asked on this matter, and is not the hon. member seeking to disregard your ruling?

Mr. Speaker: I think the Minister of Justice has taken a very appropriate point. Having limited the hon. member for Kenora-Rainy River, it would be quite unfair if I were to allow the hon. member for Essex East to pursue the matter.

BUSINESS OF THE HOUSE

EASTER ADJOURNMENT

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, several members have asked me what are the general plans with reference to adjournment at Easter, as they would like to know well in advance. Whether it be in the form of a motion later or now without a formal motion, by consent of the house, having regard to the fact that in 1959 the house adjourned from March 25 to April 6 and in 1960 from April 13 to April 25, I suggest that at the conclusion of the sitting on Wednesday, March 29, the house might stand adjourned to resume on

Monday, April 10. That is the general idea and suggestion that the government has to offer.

Mr. Speaker: If the proposal made by the Prime Minister is unanimously acceptable, it might be accepted now and made an order of the house.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I suggest that the motion be made at once. So far as we are concerned, we are willing to accede.

Mr. Speaker: It seems that all members of the house are agreeable to the proposal made by the Prime Minister, and by unanimous consent the order might now be made that when the house adjourns on Wednesday, March 29, it shall stand adjourned until Monday, April 10. Is it agreed?

Some hon. Members: Agreed.

CIVIL SERVICE ACT

Hon. Donald M. Fleming (Minister of Finance) moved for leave to introduce Bill No. C-71, respecting the civil service of Canada.

Motion agreed to and bill read the first time.

COMMONWEALTH CONFERENCE

INQUIRY AS TO AGENDA AND CANADIAN PERSONNEL

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the Prime Minister indicated the other day that he would be in a position to make a statement today with regard to some aspects at least of the forthcoming prime ministers' conference in London. I am referring particularly to the Canadian delegation.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I do not recall that I said I would do so today. I am not in any way challenging the statement, but I am unable to make a statement today. I will do so tomorrow morning.

POWER

COLUMBIA RIVER—INQUIRY AS TO REPORT OF PROVINCIAL ENERGY BOARD

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Justice. Has the minister any comments to make with respect to the tabling by the premier of British Columbia in the legislature of that province yesterday of a first report from the British Columbia energy board which recommended delay in the ratification of the Columbia development treaty until certain essential facts are known?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I have received information to the effect that such a report was filed by the premier of British Columbia in the legislature of that province yesterday, but I do not yet have a copy of the report although I have asked for one. Under the circumstances I think it would be inappropriate to comment on the report because I am unaware of its full contents or effect.

Furthermore, I think the house will realize that this is a report by the British Columbia energy board to the British Columbia government, and it seems to me that before commenting it would also be appropriate to know the attitude of the government of British Columbia, because I do not think we should otherwise comment on a report of a provincial agency.

In this connection, of course, I must say that I, and I am sure all other hon. members as well, feel some sympathy for the British Columbia government with regard to the position in which it has been placed.

All members will be aware that the discussions with British Columbia and the negotiations for the treaty lasted for two years; that in those negotiations British Columbia was fully associated; that the premier and other members of the government of British Columbia made statements from time to time to the effect that as soon as a treaty was signed they would be glad to get on with the Columbia river project, and that the treaty itself was signed with the full knowledge and approval of the British Columbia government. I feel, therefore, that they may have been placed in a rather awkward position by the report of their energy board, in view of the fact that for two years they had given study to this matter, and have made public statements that they were fully in accord with the negotiation of the treaty and wanted to get on with the job as quickly as possible.

For these reasons I think that my comments should be reserved until the position of the British Columbia government with respect to this report is known.

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister a supplementary question. Does it remain the policy of the government not to bring this agreement before the House of Commons until agreement has been reached with the province of British Columbia?

Inquiries of the Ministry

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think I answered that on an earlier occasion. I am unable to say whether or not the agreement will be brought forward before the event to which the hon. gentleman has made reference.

NATIONAL DEFENCE

INQUIRY AS TO STRENGTHENING OF ARMED FORCES

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Will the government follow the lead of the Kennedy administration and the suggestion of the official opposition in this house by adopting measures to strengthen the conventional capacity of the Canadian armed forces?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, in view of the fact that the forces of Canada are conventional forces it is rather difficult to see how we can do very much more along that line except in improving their equipment, which we have been doing constantly.

I might say, of course, that some two weeks ago in a speech at Toronto I indicated that the utmost degree of flexibility was necessary in Canada's armed forces, and that they must be trained to meet all three general types of wars in which it is possible they may be employed; first, a general nuclear war; second, a limited conventional war and, third, a brush fire war or police action such as we now have in the Congo. The training and organization of the Canadian forces is directed toward the utmost efficiency in meeting any one of these three situations.

Mr. Hellyer: That sounds like a buckshot answer.

Some hon. Members: Oh, oh.

Mr. Hamilton (Notre Dame de Grace): You don't use a rifle to shoot a goose.

Mr. Hellyer: I wonder whether the minister would consider the possibility of stopping the pouring of taxpayers' money into the Bomarc sinkhole and using it for—

Some hon. Members: Order.

Mr. Speaker: Order. I think the hon. member might reserve that remark for the debate when it occurs.

INQUIRY AS TO ALLOCATION OF NEW INTERCEPTOR AIRCRAFT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to direct a question to the Minister of National Defence. Would he comment on a Canadian Press report this morning to the effect that if a new interceptor is obtained from the United States it will be delivered only to the five remaining squadrons of the R.C.A.F. used now for continental air defence.

Mr. Speaker: Order. I think the Leader of the Opposition is asking a rather hypothetical question on a matter of fairly broad policy, and I do not know how it can be dealt with on the orders of the day.

Mr. Pearson: Mr. Speaker, it is a very specific report to the effect that the nine R.C.A.F. squadrons are to be reduced to five and any replacement of equipment for these squadrons will be allocated only to the five.

Hon. D. S. Harkness (Minister of National Defence): I think it is a generally accepted rule of the house that comment is not made on these newspaper articles, which are usually of a speculative character. However, the hon. member will recall that on February 9 last, in reply to a question, I referred to statements made by my predecessor in office concerning the phasing out of the CF-100 aircraft. At that time I said that four of these squadrons would be phased out in an ordered program during 1961.

I can now tell the house that the four squadrons and their dates of disbandment are as follows: 425 squadron, St. Hubert, May 1, 1961; 410 squadron, Uplands, June 1, 1961; 433 squadron, North Bay, August 1, 1961; 416 squadron, St. Hubert, October 1, 1961.

PETAWAWA—INQUIRY AS TO FURTHER RECREATIONAL DEVELOPMENTS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker I would like to ask a specific question of the Minister of Finance. I want to ask this question because I am interested in knowing whether full recreation facilities are available to the armed forces, and because I have been asked to obtain this information. I would like to ask the Minister of National Defence, in view of the moneys spent over the years at Camp Petawawa for a fish pool, a yacht club and a golf course, whether there are any further recreational developments planned, such as a cricket pitch.

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

[*Later:*]

Mr. W. F. Matthews (Nanaimo): Mr. Speaker, I should like to address a question to the Minister of National Defence. Is there a Sergeant Bilko on the payroll at Camp Petawawa?

Mr. Speaker: Order. I assume that the hon. member has not given notice. His question might go on the order paper with the question asked by the hon. member for Vancouver East (Mr. Winch).

ADMINISTRATION OF JUSTICE

ECCLES CASE—REQUEST FOR REPORT ON INVESTIGATION

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Justice, of which I have sent him notice. Is the minister able to report to the house the results, if any, of the investigation into the so-called Eccles divorce case, which was referred to the Department of Justice by the miscellaneous private bills committee during the last session and subsequently referred to the department of the attorney general of Ontario?

Hon. E. D. Fulton (Minister of Justice): As the hon. member has pointed out, this matter was referred by us to the attorney general of Ontario, and since the initial reference certain further investigations into some aspects of the case are being conducted. The results of those investigations will in turn be brought to the attention of the department of the attorney general of Ontario. As my parliamentary secretary indicated to the house on December 7, 1960, this matter relates to the administration of justice in the province.

INDUSTRY

AUTOMOBILES—INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Hubert Badanai (Fort William): I wish to direct a question to the Prime Minister. Last Monday the hon. member for Essex East asked the Prime Minister if he was in a position to inform the house when we may expect to receive the report from the royal commission appointed to investigate the automobile industry. The Prime Minister's reply was to the effect that he would communicate with Dr. Bladen. I wonder if he now has anything to report in view of the failure of Canada's compact automobiles—

Mr. Speaker: Order. I was not clear for a moment as to why the hon. member was repeating the former question, but I think his final remark probably illustrated his purpose, and it does not appear to me to be in order.

[*Later:*]

Mr. Badanai: I wish to direct a question to the Prime Minister. I should like to ask him whether he has succeeded in communicating with Dr. Bladen about the report concerning the auto industry. If so, has he a report to make to the house?

Right Hon. J. G. Diefenbaker (Prime Minister): The information I have at the moment is that Commissioner Bladen will be reporting some time during the present month.

HEALTH AND WELFARE

SALK VACCINE—REPORTED DOUBT AS TO VALUE

On the orders of the day:

Mr. Guy Rouleau (Dollard): I should like to direct a question to the Minister of National Health and Welfare. Has the minister seen the report by several members of the medical profession, which appeared yesterday in many leading United States newspapers, to the effect that there seemed to be a doubt about the value of Salk vaccine? If so, has the minister any comment to make?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I have not seen the report to which the hon. member refers. However, I should stress that we have no evidence along the lines that would seem to be indicated in this story. In fact, Salk vaccine in Canada has been up to 95 per cent effective in cases where the dosage was given as directed. Production and use of the vaccine has always been carried out under the strictest control.

I understand that the opinions voiced in the United States are, at best, only those of a small minority, and that the American Medical Association has reaffirmed its support of the Salk program. I should point out also that all vaccine is tested before release by my department's laboratory of hygiene.

Hon. Paul Martin (Essex East): May I ask a supplementary question, based on the minister's statement concerning the production and testing of Salk vaccine in Canada. Is it not a fact that not only the Connaught Laboratories but the institute of microbiology in Montreal carries on a test program after production, and that there is likewise a testing of samples at the laboratory here in Ottawa?

Mr. Monteith (Perth): Yes, that is correct, Mr. Speaker.

DRUGS

BARBITURATES—STATEMENT AS TO FEDERAL PARTICIPATION IN CONFERENCE

On the orders of the day:

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, yesterday the hon. member for Outremont-St. Jean

asked whether a representative of the department would be attending a meeting tomorrow called by the mayor of Montreal to discuss illegal traffic in barbiturates.

An invitation has been received by the food and drug directorate and has been accepted by the assistant director of inspection and enforcement services. The directorate's chief inspector in Montreal also plans to attend.

TRADE

REPRESENTATIONS RESPECTING RESTRICTIONS ON U.S. TOURIST IMPORTS

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the minister of northern affairs. In view of the fact that Canadian tourists spend approximately $100 million more in the United States than United States tourists spend in Canada, and the fact that Canada is the United States' best customer, can the minister say what representations have been made to protest the proposed reduction to $100 in the amount of tariff free merchandise United States tourists will be allowed to take into their country from Canada?

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, the government is very much aware of the importance of the tourist industry. I can assure the hon. member that all possible steps have been taken to assure that this industry shall continue to make its contribution to the economy of this country.

Mr. Garland: May I ask a supplementary question. What action has the government taken to determine the actual loss in spending by United States tourists in this country as a result of the proposed legislation?

Mr. Dinsdale: Mr. Speaker, that is a hypothetical question. I can only reiterate what I have already indicated, that all possible steps have been taken to assure the effective progress of the tourist industry in Canada. These steps include the opening of a new tourist bureau at San Francisco on the west coast.

CIVIL DEFENCE

REQUEST FOR STATEMENT ON REPORTED TEST IN MAY

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Prime Minister. Would the Prime Minister care to comment on a report in this morning's *Globe and Mail* to the effect that the emergency measures organization will conduct an operation to simulate a nuclear attack? This operation, to be known as "Tocsin", is scheduled for May. Will the Prime Minister say whether the federal ministers will be transported to a secret emergency shelter outside of Ottawa, while the provincial authorities will be expected to evacuate to a make believe headquarters?

Right Hon. J. G. Diefenbaker (Prime Minister): When the government is in a position to make a report in detail with reference to this matter, it will be done. The subject cannot be conveniently discussed at a time like this in answer to a question.

Mr. Argue: May I ask a supplementary question. Has there been a leak in security regulations?

Mr. Speaker: Order. The hon. member has already had a conclusive answer.

EXTERNAL AFFAIRS

ESTABLISHMENT OF PEACE CORPS TO AID UNDERDEVELOPED COUNTRIES

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Prime Minister. Will the Canadian government establish a peace corps of young Canadians to work side by side with their United States cousins in assisting the people of the less developed countries in their efforts to improve their standard of living?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the suggestion made by the President of the United States is a most interesting one. Further than that I cannot go.

Mr. Hellyer: May I ask a supplementary question. Would the Prime Minister not agree that this is probably one of the most important steps that could be taken by the west?

Mr. Speaker: Order. The hon. member is asking a rhetorical question for the purpose of stating a point of view, and I do not believe it is proper to argue the point.

Mr. Hellyer: May I rephrase the question, Mr. Speaker? Will the Prime Minister give this important matter—

Some hon. Members: Order.

Mr. Hellyer: —immediate consideration, since he undoubtedly will feel this proposal is deserving of immediate co-operation and Canadian participation?

Mr. Speaker: Order. The hon. member is entitled to ask whether consideration will be given to a matter, but not to repeat his positive statement.

Mr. Hellyer: Does the Prime Minister not intend to reply, and indicate to the house whether or not he will give this matter favourable consideration at a later date?

Mr. Diefenbaker: I think the question and the statement made by the hon. member do not deserve any further reply than has already been given.

Mr. Hellyer: I am sure the people of the underdeveloped countries will be glad to hear that.

CANADIAN BROADCASTING CORPORATION

TELEVISING OF BIG FOUR FOOTBALL GAMES

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of National Revenue. While it may seem to be an apparent travesty as a matter of urgent national importance, Mr. Speaker, I should like to assure you it seems important in my part of the country. Can the minister give us a definitive statement from the C.B.C. on the position of affiliates to its network in so far as Big Four football telecasts in 1961 are concerned? Second, has the C.B.C. considered the telecasting of Canadian intercollegiate games over its network in 1961?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I realize that this problem is of interest to many Canadians. However, it is an involved and complicated one. There are various factors which I do not have time to enumerate here. I cannot give any definitive statement on it today or for some reasonable time in the future, because it is being given careful consideration and study by the corporation. When a decision has been reached and arrangements worked out, if any, I will then be in a position to make a statement to the house.

INTERNATIONAL SERVICE—ALTERNATIVE EMPLOYMENT FOR DISPLACED EMPLOYEES

On the orders of the day:

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the other day the hon. member for Bonavista-Twillingate asked me a question with respect to the possibility of alternative employment for those employees of the C.B.C. employed in the shortwave service.

I am advised that several of these employees have been transferred to other appointments in the national service. The corporation is giving careful consideration to this matter and is endeavouring to appoint as many as possible if not all, in the national service. The curtailment of the short wave service is scheduled to take place on March 31.

LABOUR CONDITIONS

OTTAWA—STATEMENT ON REPORTED WORKING CONDITIONS FOR WAITRESSES

On the orders of the day:

Hon. Michael Starr (Minister of Labour): Mr. Speaker, for the information of the hon. member for Skeena, who asked a question yesterday on orders of the day having to do with the discontinuation of employment of a number of waitresses in a certain restaurant in Ottawa, and stating that they were unable to obtain employment insurance benefits by reason of the activity of the employer in the first instance, I might say that officials of the unemployment insurance commission are investigating this situation in order to find out whether the four girls were fired or resigned and are eligible for insurance or not. Their departure followed the dismissal of a hostess.

Adjudication in this case will take place in Toronto. An officer of the Ottawa office is sending a factual report of this occurrence to the Toronto office today. Among the questions to be adjudicated is the question of whether the girls were fired or whether they resigned. In either case, Mr. Speaker, there must be a determination of the cause leading up to the incident in question before the question of eligibility can be resolved.

INQUIRY AS TO TRAINING OF UNEMPLOYED IN ONTARIO

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to direct a question to the Minister of Labour. In respect to the vocational training legislation passed at this session of parliament, has the minister's attention been drawn to the charge by Metro chairman Gardiner that Ontario is trying to "shuffle off" on the municipalities the responsibility for training the unemployed. In view of this great difficulty, would the minister comment on the progress being made in this field?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, my information is that there are many plans that will be put into effect. As far as the actual initiative for the organization of these programs is concerned, as a federal government we can only deal with the provinces. We have no intention of interfering in the situation as between the provinces and the municipalities. We have provided the incentive; it is up to them to take up the program.

Inquiries of the Ministry

NORTHERN AFFAIRS

INQUIRY AS TO CARGOES LOST AT SEA

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Northern Affairs and National Resources. Has any cargo being transported by his department in the northern parts of Canada been lost at sea recently?

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, I received no notice of this question. I will have to take it as notice and bring in an answer at a later date.

(Translation):

AIRPORTS

MONTREAL—USE OF RAILWAY FACILITIES TO TRANSPORT PASSENGERS

On the orders of the day:

Mr. Guy Rouleau (Dollard): I should like to put a question to the Minister of Transport. In reply to a question put to him on February 14 last, concerning the transportation by the C.N.R. of air passengers between Dorval airport and downtown Montreal, the minister said that he would pass on the suggestion to the C.N.R. management.

In view of the interest shown in this matter by my constituents and by the passengers in general, may I ask the minister whether he has made representations to the railway authorities and, if so, whether he has anything to report to the house on this subject?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the suggestion made by the hon. member for Chambly-Rouville (Mr. Johnson) has in fact aroused a great deal of interest. Many articles have appeared in the press on this matter. After he put his question to me in this house, I got in touch immediately with the railway authorities and asked for a report. I expect that report at any moment.

Mr. Rouleau: Could the minister make a statement during his forthcoming visit to the constituency of Dollard?

(Text):

FORESTRY

INQUIRY AS TO ARRESTING DUTCH ELM DISEASE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, may I ask the Minister of Forestry whether his department is making any progress in finding a means of arresting the Dutch elm disease.

Hon. H. J. Flemming (Minister of Forestry): Mr. Speaker, I have no knowledge of this matter, but I will take the question as notice.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

CUSTOMS TARIFF

Resolved that it is expedient to introduce a measure to amend the customs tariff and to provide:

1. That the said act be amended by adding thereto immediately after section 2 thereof the following section:

"2A. (1) For the purposes of this act, goods shall be deemed to be of a "class or kind" made or produced in Canada if

(a) in the case of goods other than goods custom-made to specifications, goods of approximately the same class or kind are made or produced in Canada; and

(b) in the case of goods custom-made to specifications adequate facilities exist in Canada for the economic production of such goods within a reasonable period of time.

(2) Notwithstanding subsection (1), goods other than goods custom-made to specifications shall be deemed not to be of a class or kind made or produced in Canada unless at least 10 per cent of the normal Canadian consumption of goods of the same or approximately the same class or kind are made or produced in Canada.

(3) The decision of the minister shall be final with respect to the following matters:

(a) the normal Canadian consumption of the goods described in subsection (2), and

(b) whether goods are custom-made to specifications, and whether adequate facilities exist in Canada for the economic production of such goods within a reasonable period of time."

2. That subsections (9) and (10) of section 6 of the said act be repealed and the following substituted therefor:

"(9) For the purposes of this act, notwithstanding section 2A, goods may be deemed to be of a class or kind not made or produced in Canada where similar goods made or produced in Canada are not offered for sale to the ordinary agencies of wholesale or retail distribution or are not offered to all purchasers on equal terms under like conditions, having regard to the custom and usage of trade."

3. That subsection (4) of section 6A of the said act be repealed.

4. That any enactment founded upon this resolution shall be deemed to have come into force on the 21st day of December, 1960, and to have applied to all goods mentioned therein imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

Mr. Pearson: Mr. Chairman, from time to time now, over a considerable period, we have returned in committee to this resolution, the discussion of which seems to have caused some impatience in the minds of certain ministers who are, of course, anxious

to get it through. I have no apology to make for contributing, though it will only be for a few minutes, to this discussion.

It has been suggested to us by the Minister of Finance that it is only a small resolution. It is a small resolution but it is one with big implications, implications which extend to the fundamental principle of parliamentary control over taxation. The debate which has already taken place on this resolution has also served to show the historic difference between the two national parties on this whole issue; between a policy of maximum possible trade and a policy of maximum possible protection. No misrepresentation, no distortion of the historical or the contemporary record, can conceal the difference between the two parties in that regard. The record of that difference can be found in the columns of *Hansard* since 1870.

In earlier parliamentary days there was a straightforward admission of that difference, but now it is not so easy to get exposures by hon. gentlemen opposite of this diversity of approach. Changes are made now, not openly but by subterfuge or, in the language of my hon. friend from Bonavista-Twillingate, by adopting a sly and furtive approach to these matters.

Before I outline very briefly our position in respect of the proposed resolution and its effect on our tariffs I should refer to what the Minister of Finance has told us more than once about the purpose of this resolution. Perhaps the briefest definition he gave of that purpose is to be found reported on page 1667 of *Hansard* of February 2, 1961:

> The purpose of the proposed legislation is to restore the original concepts relating to this phrase "class or kind" after what I described yesterday as a decade of erosion. In doing so we will provide for the first time some effective means of dealing with goods that have been described in this proposed amendment.

The minister then said there had been erosion. What presumably is meant by erosion is that the tariff board, the exchequer court and the supreme court have disregarded the intentions of parliament and limited the meaning which successive governments intended to give to the class or kind provision in the customs tariff. We do not agree that this so-called erosion has taken place. The government, we claim, has completely failed to show that any significant difference existed over the years between the interpretation given by the customs administration and by the tariff board. In fact we have shown that in many cases cited by the minister the tariff board has actually upheld the customs administration. I think it is correct to say that in all appeals to the courts from the board, save one, the board was sustained.

The government claims that this erosion began in 1950, but presumably in making that claim they have forgotten that Mr. Hector MacKinnon was chairman of the tariff board from 1940 to 1957, ten years before, and seven years after this erosion is supposed to have started. How then do they explain this sudden change in Mr. MacKinnon? Surely they would not deny that no man better understands the real meaning of the United States-Canada trade agreement of 1935, or the Customs Tariff and regulations, or the meaning of GATT than Mr. MacKinnon himself.

We say there has been no erosion, and that the government by this resolution is in effect asking for power to change the tariff surreptitiously and indirectly, because if it were done directly and openly it would amount to a breach of our international trade agreements. That would be bad enough, but the government does not intend merely to change the law. By this resolution and by action which, it hopes, will be taken in connection with the bill, the government intends to nullify the jurisdiction of the tariff board and the courts and to vest absolute power in the Minister of National Revenue over an important field of the Canadian economy.

It is difficult to get an exact estimate of the amount of trade that would be involved in the application of this amendment, though we have tried to extract it from the minister, I believe, during this debate. It has been estimated that more than $200 million worth of imports would be involved annually and, therefore, a very important sector of our trade would be affected.

The government in this matter is in effect giving the Minister of National Revenue the power to decide without any review or appeal whether the duty on a great number of potential imports—I have used the figure of $200 million—will be high or low. Is it to be 7½ per cent or is it to be 22 per cent?

As has been pointed out in this connection, the Liberal government in 1936 clarified the meaning of "made in Canada". It became established that an article to qualify must be made in substantial quantities; and "substantial", as we know, was later defined by order in council as 10 per cent of consumption, with an appeal from that determination to the tariff board and to the courts.

In 1958 changes were made in the dump duty which in many important respects was put under the discretion of the minister. Now the determination of "made in Canada" which is necessary for the application of this dump duty is also to be put under ministerial discretion. From that decision, in respect of certain matters where discretion is given, there is no appeal. There is not even any provision

for informing the public when a decision is made, or the terms of that decision. The amendment is perfectly clear on that point. Subsection 3 reads as follows:

(3) The decision of the minister shall be final with respect to the following matters:
(a) the normal Canadian consumption of the goods described in subsection (2), and
(b) whether goods are custom-made to specifications, and whether adequate facilities exist in Canada for the economic production of such goods within a reasonable period of time.

Decision in regard to these matters is given to the minister without appeal and without publicity. Therefore an article in this particular category now becomes made in Canada if the minister determines it to be so, and there is no appeal from that determination. It is this denial of access to the courts, an access which now exists, that is our most fundamental objection to this proposed amendment. I know that the minister in his statements on this matter to the committee has attempted to explain away this denial in terms which he considers to be satisfactory. For instance, on February 27 as reported at page 2460 of *Hansard* the minister said:

The right of appeal is taken away from no one. The most that can be said—

—and this is a lot—

—is that the right of appeal cannot be invoked on grounds that lie within the three points on which the Minister of National Revenue is given the right to make the final decision.

The right of appeal is taken away from no one, but it cannot be invoked in respect of those three matters the minister mentioned. I consider that mere sophistry. We on this side of the house do not understand how a government which is headed by a Prime Minister who sponsored the bill of rights can justify taking away from the taxpayers the right of access to the courts in matters in which they have enjoyed such access over the years.

If the Minister of Justice were present in the committee I would put this question to him. In any event, I shall place my question on the record. I ask the minister whether he has done what he is required to do, that is examine these particular amendments in relation to the bill of rights. The hon. gentleman is required to do this under section 3 of the bill of rights, which reads:

3. The Minister of Justice shall, in accordance with such regulations as may be prescribed by the governor in council, examine every proposed regulation submitted in draft form to the clerk of the privy council pursuant to the Regulations Act and every bill introduced in or presented to the House of Commons, in order to ascertain whether any of the provisions thereof are inconsistent with the purposes and provisions of this part and he shall report any such inconsistency to the House of Commons at the first convenient opportunity.

[Mr. Pearson.]

I assume that in due course we will get that kind of report from the Minister of Justice which he is required to make under the bill of rights.

That is our basic objection, that the government, in effect, is vesting in a single minister of the crown in certain important matters absolute power to fix the rate of tax which taxpayers will be called upon to pay. We consider that this is arbitrary power. In response to the statement that this is arbitrary power, the Minister of Finance on February 27, as reported at page 2460 of *Hansard*, replied:

These are not arbitrary powers at all. These are necessary powers in the transaction of the business of this country.

That is another subtle distinction. Our view is that if the rate of tax is to be changed it should be changed in a straightforward way by parliament, and not left to the uncontrolled decision or whim of a minister of the crown as could be done if this resolution were translated into law. We do not think this kind of change is needed at all. We believe it will be not advantageous but detrimental to the Canadian economy, and that by increasing the costs of machinery for production, for instance, it will be particularly harmful to industries which are seeking to expand and modernize in order to improve their competitive position in an increasingly competitive world.

If the government, however, is determined to make these changes in the definition of "goods of a class or kind made in Canada" no doubt its majority will permit it to do so, but we feel we have an obligation to do our utmost to stop the government from taking away the fundamental right of access to the courts which the taxpayers now enjoy in respect of certain matters dealt with in the resolution. No valid reason has been given for denying in future the right of appeal which now exists, and there is every reason for asserting it when it is proposed to give far-reaching powers over the expansion and modernization of industry to a single minister of the crown. That is the basic issue before parliament in this resolution.

We also oppose this measure because it seems to us to be an indirect method of evading our international obligations to our trading partners which is neither honourable, wise nor prudent. Surely if this resolution becomes law it will constitute an invitation to other countries to retaliate against our exports, and the losses to our trade are likely to greatly exceed any small and problematical gains in direct employment.

To sum up, we feel the resolution is wrong. It is dangerous, and should be withdrawn. But if the government will not withdraw it

we appeal to the government to at least abandon its intention of denying the taxpayers the access which they now have to an independent tribunal to review the arbitrary tax decisions made by a single minister of the crown.

Many years ago, Mr. Chairman, a former prime minister of this country and leader of the Conservative party, Mr. Meighen, said, as found at page 3414 of *Hansard* for 1921:

> There should never be an unrestrained discretion in the hands of any minister or any government.

Let me give another quotation from page 4527 of *Hansard* for June 7, 1955. The paragraph reads as follows:

> In conclusion, Mr. Speaker, I say that the issue here is deep-seated, clear-cut and fundamental. It is the issue of the rule of law—

We claim that the rule of law is involved in this resolution as an issue.

> —and the preservation of the authority of parliament. It is not simply a matter of the preservation . . . of the substance of parliamentary authority and rule. We will have nothing to do with the grant of powers vastly in excess of need . . . Supreme over any all-powerful executive, in our view, must stand the authority of a free, sovereign and independent parliament.

Those are good words, Mr. Speaker. They were uttered at that time by the present Minister of Finance. We ask him to apply this principle now to this particular resolution and to bring forward amendments to the resolution which will implement the principles which he espoused so strongly when he sat on this side.

Mr. Fleming (Eglinton): And you opposed.

Mr. Bell (Carleton): Mr. Chairman, in his closing words the Leader of the Opposition used a quotation from a speech by the Right Hon. Arthur Meighen. As I listened to the Leader of the Opposition developing his argument this afternoon, I was reminded of another statement made in this house by Mr. Meighen to Dr. Michael Clark. That statement was:

> The hon. gentleman has given us an example of the maximum of merit that a speech may reach without the ingredient of logic or the assistance of facts.

Could there be any words more appropriate to describe all the flurry, fluster and fury which the Leader of the Opposition has just emitted? Perhaps there are some Mr. Chairman, and I will use these to describe what the Leader of the Opposition has said: fanciful, fatuous, fantastic, frivolous and farcical.

What has he done this afternoon in following the lead of the hon. member for Bonavista-Twillingate and that of the hon. member for Kenora-Rainy River is to succeed completely in perverting and distorting the effect and significance of this resolution. Indeed, sir, in my experience as a member and observer of this parliament I have never heard such extravagance of language, such intemperance and immoderation of argument, and such fatuity of reasoning as have been unleashed against this resolution. In all the amateur histrionics of the hon. member for Bonavista-Twillingate and all the mock heroics of the Leader of the Opposition this afternoon, there has been a total absence of logic, of reasoning. There has been nothing but confusion and distortion.

Mr. Benidickson: He is reading every word.

Mr. Pickersgill: Would the hon. member permit a question? Could he say who wrote that prose?

Mr. Bell (Carleton): This particular hon. member has no difficulty in writing his own prose and in speaking his own prose at any particular time.

Mr. Benidickson: Could I ask the hon. gentleman whether he wrote it before he heard the argument of the Leader of the Opposition?

Mr. Bell (Carleton): The hon. member for Kenora-Rainy River has demonstrated a sufficient number of times on this resolution that his understanding of the issue is in inverse ratio to his volubility.

Let me try to reduce this whole issue to its basic elements and proceed in the simplest terms and by logical steps, I hope, to analyse what is proposed. The first question hon. members must ask themselves is this. Does parliament believe or does it not believe that goods of a class or kind made in Canada deserve a margin of protection in excess of that granted to goods of a class or kind not so made in Canada? If the answer to that question is no, then the matter rests and the committee should defeat this resolution. But if the answer to the question is yes, as I believe it must be, then we must proceed to the next step. How do we determine what is of a class or kind made in Canada?

Hon. gentlemen opposite pay lip service to the principle of class or kind made in Canada but by their words and by their actions they make a travesty of their professions. The fact is that the modern concept of class or kind made in Canada owes its birth to Sir Wilfrid Laurier, to W. S. Fielding and to Sir Clifford Sifton in the anti-dumping legislation of 1904 and later, to the former two, in the tariff revision of 1907. Indeed, in an editorial in the Winnipeg *Free Press* on January 18, 1961, an editorial which was an uninformed and fatuous comment on the speech I made on the supplementary budget, that newspaper claimed that Sir Clifford Sifton himself was

the draftsman of the original class or kind legislation; and it was alleged that he did so as an escape from the pressures of the iniquitous Tories of those days who were allegedly seeking a general tariff increase. Clearly, what hon. gentlemen opposite have been doing in following the lead of the Winnipeg *Free Press* is to repudiate Fielding, to undermine the memory of Laurier and to do violence to the principles which were espoused by Dunning and Mackenzie King.

Let me put the question again, sir. How are you to determine what is of a class or kind made in Canada? As has been pointed out by the Minister of Finance and the Minister of National Revenue and as this legislation provides, the answer resolves itself naturally into a division between so-called shelf goods, that is, goods of standard make ordinarily kept in stock, and goods which are custom made to specifications.

I want to deal with them separately. In the tariff there are some 70 items where the rate of duty depends upon whether the goods are or are not of a class or kind made in Canada. Hon. gentlemen opposite, and particularly the Leader of the Opposition this afternoon, seemed to indicate that there were a great many rates that were going to be changed. Actually there are two rates, one rate if it is of a class or kind and one rate if it is not of a class or kind. Of course, as the house knows, section 6 of the Customs Tariff Act imposes dumping duties on imported goods of a class or kind made in Canada if sold for export to Canada at a price less than their fair market value.

Historically, the phrase "class or kind" was broadly interpreted. For over 40 years under a procession of 17 ministers of customs or of national revenue, Grit and Tory alike, the phrase gave little difficulty in interpretation. The broad interpretation may or may not have been correct but at least it has the authenticity of antiquity, the imprint of 17 ministers of the crown. Had there been no change in this interpretation this legislation, or at least the major part of it, would have been unecessary.

The problem of interpretation is clearly set out in Elliott's work, "Tariff Procedures and Trade Barriers", at page 110, from which I would like to quote very briefly:

> Many of the classification decisions concerning "class or kind" depend on whether, for the particular articles being considered, that phrase is held to refer to a wide or to a narrow range of goods. Since the Canadian market is small many domestic producers find it convenient to concentrate on producing a relatively few sizes, styles, patterns or types. In some industries the Canadian output is a relatively small proportion of the total Canadian consumption even of the exact types of an article produced in Canada. In more firmly established industries the domestic output forms a large proportion of Canadian consumption of the exact types produced and, in some, a substantial proportion even of a broader class which includes other substitute products.

There, sir, is the problem and it was met in one way for a period of over 40 years. But in this last decade a new trend has set in, a trend to narrow the phrase. Decisions of the tariff board upset this historic concept. Whether or not these decisions be correct is not the issue. The fact is that the process which the Minister of Finance described as erosion set in.

The best illustration of this is in another quotation from Elliott's book at page 111. I quote:

> In allowing an appeal from a decision that certain models of Mossberg .22 calibre rifles were of a class or kind not made in Canada the board cautiously remarked—

This is a quotation from the board decision.

> —Dictionary definitions of the word "class" indicates that it is used both for very broad and for very narrow designations, but in the context in which it is used in tariff item 441e it appears to be more or less synonymous with "kind".
>
> Consequently, in interpreting this item the item board has taken cognizance of the more precise designation "kind". Auto-loading rifles are of a kind not made in Canada.

Mr. Pickersgill: Would the hon. gentleman permit a question?

Mr. Bell (Carleton): My time is limited, unlike the Leader of the Opposition.

Mr. Pickersgill: The hon. member can speak as often as he likes. The question I wanted to ask the hon. gentleman was this. Was that a decision of the administration that these were not made in Canada or was it an appeal from a decision that they were not made in Canada?

Mr. Bell (Carleton): I quoted simply from the .22 calibre rifle case to indicate what, in effect, the board had done.

Mr. Pickersgill: This is merely a factual question that I wanted to ask the hon. gentleman. Was the decision of the administration, not of the board, that they were not made in Canada? The hon. gentleman read a sentence relating to that, and if he would just read it again—

Mr. Benidickson: What was the ruling of the customs department? Was the customs department overruled by the tariff board?

Mr. Bell (Carleton): In this particular case, the tariff board reversed the decision of the department. It is appeal No. 206 of March 17, 1950, and the department was overruled.

Mr. Benidickson: The question I should like to ask the parliamentary secretary is, what had been the made in Canada ruling which was compiled by the customs department up to the time of this appeal? What had been their made in Canada ruling, proclaimed for all in Canada to read?

Mr. Bell (Carleton): The department held this to be of a class or kind made in Canada. This decision of the department was reversed, on appeal, by the tariff board.

This brings us to the real core of the issue. In effect, class has been interpreted as synonymous with kind. The phrase is not in any way disjunctive; it is wholly conjunctive and the words are synonymous. Indeed, apparently one of them is redundant.

As I have said, 17 ministers of customs or national revenue took a consistent stand for the broad interpretation of these words. Of these 17 ministers, nine were Liberals. There were such men as these. There was William Paterson, Laurier's minister for 15 years. Oh, yes, there was A. L. Sifton; imagine that. There was the unfortunate Jacques Bureau. There were Georges Boivin, W. D. Euler, J. L. Ilsley, Colin Gibson and J. J. McCann. When my hon. friends opposite attack this legislation, what they are doing is repudiating these great Liberals of other days.

Mr. Pickersgill: That is just nonsense.

Mr. Bell (Carleton): They are establishing a counterfeit Liberalism which bears no resemblance to their historic tradition. I say, sir, they are shadowboxing on this resolution and that must cause some of the great Liberals of the past, including the Siftons; Sir Clifford and Arthur L., to turn over in their graves.

They say, you are taking power away from parliament. On the contrary, what we are doing by this legislation is restoring it to parliament. In so far as shelf goods are concerned, the 10 per cent rule was adopted as a result of trade negotiations with the United States. But where did the government of Mackenzie King embed that rule? Need anybody in this committee be surprised to find that it was in an order in council, and not in a statute of this parliament? The policy was: deprive parliament of control, make a mockery of this chamber, keep control in the east block so that at any hour the 10 per cent rule could be suspended, amended, altered, done away with, made 15 per cent or 1 per cent by a simple executive act. This was the policy of hon. gentlemen opposite. This is not the Progressive Conservative way. We are placing it in the statute, so that only parliament can change it. We are doing this in public, and the anvil of public discussion will assure equity to importers and domestic producers alike.

I should like to deal with an argument put forward by the hon. member for Ottawa West. Of all the fatuous arguments advanced, the suggestion that this legislation infringes the rights of parliament is the most ludicrous. It is the very reverse of the truth.

Mr. Chevrier: This is balderdash.

Mr. Bell (Carleton): The hon. member for Bonavista-Twillingate the other day, and the Leader of the Opposition this afternoon, suggested that this legislation violated the bill of rights. Such extreme and immoderate assertions, sir, can only demonstrate how far hon. gentlemen go in substituting abuse for argument and innuendo for advocacy.

I should like to speak of another class of goods, those described as custom-made to specifications. In this field, each product is unique or virtually unique. If one goes back over the 50 years of history of class or kind or, I am told, if one reviews the statements over those years of the ministers of customs and of national revenue, although I have never had a chance to do so personally, it is clear beyond peradventure that it was never intended by any government that custom-made goods should automatically be ruled as not made in Canada. Yet this is the direction in which the rulings of the department and of the appellate tribunals have gone.

In carrying out the intention of parliament in respect of this class of goods, obviously there must be a broader ministerial discretion than is necessary or appropriate in relation to mass produced or shelf goods. Surely, if parliament has any interest in promoting the manufacture of goods in Canada, the tests proposed by this legislation are reasonable. The tests are that adequate facilities exist in Canada for the economic production of such goods within a reasonable period of time. Each of these phrases, sir, is capable of simple, rational interpretation. I cannot, for the life of me, see how the competent officers of the customs division, and they are highly competent and skilled, will have any difficulty in interpreting in these words what I believe has been the intent of parliament over the years.

I should like now to deal with what the Leader of the Opposition suggested this afternoon was, in effect, the nub of the problem. I refer to the question of appeal from a ministerial decision. I want to suggest to the committee that all the confused argument has been based upon a false premise, namely the premise that the right of appeal from an administrative act is a natural right. The fact is—

Mr. Pickersgill: It is an existing right.

Mr. Bell (Carleton): The fact is that there is no inherent right of appeal except such as may exist indirectly through the prerogative writs.

Mr. Benidickson: We have had it for 25 years.

Mr. Bell (Carleton): I will deal with this directly if my hon. friends will only be quiet for a moment. The right to appeal is a right which must be conferred by statute. The fact is that there are very few administrative acts of government that are subject to any appeal whatever. Every day, and every hour of every day, ministers of the crown as well as other public servants take important and vital decisions which are subject to no review—

Mr. Pickersgill: Such as setting tax rates.

Mr. Bell (Carleton): —except by this parliament. My hon. friend from Bonavista-Twillingate sits in his seat and interrupts, but he is too learned an historian—

Mr. Pickersgill: I would be very happy to stand up and ask the question.

Mr. Bell (Carleton): I will answer the questions later.

I was going on to say that my hon. friend is too good an historian, and too skilled in the art of government to believe that the right of appeal is the rule. The fact is that it is the exception rather than the rule, and even to be an exception it must be statutory. I should like to refer to the case of Okalta Oils Limited *v.* the Minister of National Revenue, (1955) Supreme Court Reports, page 824. At page 825 Mr. Justice Fauteux said:

> A right of appeal is a right of exception which exists only when given by statute.

This places the matter in perspective, I submit. There is, of course, always the judicial review by means of a prerogative writ such as mandamus, prohibition and certiorari, or the statutory writ of habeas corpus.

Let me turn now to the type of review which has been conferred by statute in the past in respect of customs matters. When, under the Laurier government, the modern concept of class or kind made in Canada was initiated, the determination of class or kind was the responsibility of customs appraisers, subject to review by or appeal to the board of customs.

The board of customs was the final appellate tribunal. This was the tribunal which existed, and the only tribunal, throughout the whole of the Laurier administration and the whole of the first Mackenzie King administration. Sir, what a great appellate tribunal it was. If my hon. friends will look at the revised Statutes of Canada, 1927, they will find that it had five members: the commissioner of customs, the assistant commissioner of customs and a third, a duly qualified officer of customs, designated by the governor in council. Out of the five members three were customs officers. Then, to get the right degree of objectivity, the other two were the commissioner of excise and the commissioner of income tax, officers of the same department after it became the Department of National Revenue in 1927.

That was the type of appellate tribunal in which the Liberal party believed. From 1904 to 1931, the final court of appeal in respect of class or kind, lay within the department itself. In effect, the department reviewed its own decisions. What a happy, happy situation.

Behind all the utterances of hon. gentlemen opposite those are the facts. If they dare open its pages and examine the report of the royal commission on the customs scandal of 1927—dark pages in the history of Liberalism —let them read what Chief Justice Brown had to say about this technique of review, and how he recommended it be changed to a board of national revenue. Did the government of Mackenzie King change it? No, they left the respondent as the judge and jury.

Who was it that changed this situation? It was the man for whom hon. gentlemen opposite still reserve their most severe strictures. Changing this was part of the so-called iniquity of the R. B. Bennett government. It was that great Canadian, so slandered and vilified by hon. gentlemen opposite, who sought from parliament the right to create a tariff board which would be a court of record, assuming the quasi-judicial functions of the board of customs and exercising as well the fact finding and advisory powers formerly possessed by the advisory board on tariff and taxation or the so-called Billy Moore board.

It was the Conservative party under the maligned R. B. Bennett which placed appeals upon a proper and legitimate basis.

Mr. Benidickson: Perhaps the hon. member would tell us—

Mr. Bell (Carleton): Would the hon. gentleman just possess his soul in patience?

The committee may be interested in knowing how the Liberal government jettisoned all appeals to the tariff board for a period of four or five years. The story is told in Alex Elliott's "Tariff Procedures and Trade Barriers" to which I have already referred. At pages 60 and 61 it reads as follows:

> The terms of two of the members expired in 1943 and the Board no longer had a quorum of two members. Accordingly, until the board was reconstituted the system of informal appeal within

the Department of National Revenue became even more important and was more fully developed. Departmental officials express pride in this informal, cheap, and speedy method of appeal.

So that we see, sir, that over the years the actions of the Liberal party have been very different—very different indeed—from their professions of these last few days, or indeed these last few weeks, from the bombast that the committee has heard and been forced to endure.

The house may be interested in one further quotation from Mr. Elliot's book in respect of appeals. At page 59 Mr. Elliot says this about the enactment of section 43A of the Customs Act in 1937.

At the same time the door was closed to appeals for refunds of duty previously exacted by inserting a new section (43A) which validated all official valuations that had been made and confirmed the duties collected under them.

I repeat, sir, the door was closed to appeals. We now see how genuine, how real are the professions of my hon. friends opposite. Not only were they content to take away the right of appeal, but they retroactively deprived prospective appellants of rights which had vested. I suggest they be judged by their acts and not by their expostulations or their professions.

Now, sir, are there statutes where the right of appeal having once been conferred, has been abridged or limited? From July 1, 1954, to June 21, 1957, my distinguished historian friend from Bonavista-Twillingate was the minister of citizenship and immigration and the committee is entitled to assume that he has greater familiarity with the Immigration Act than any other act. Having that overwhelming instinct for reform which he now seems to display, what did he do to amend the appellate provisions of that act? I will mention to the house just two sections. Subsection 4 of section 31 reads as follows:

The Minister may in any case review the decision of an Immigration Appeal Board and confirm or quash such decision or substitute his decision therefor as he deems just and proper and may, for these purposes, direct that the execution of the deportation order concerned be stayed pending his review and decision, and the decision of the Minister on appeals dealt with or reviewed by him or the decision of the majority of an Immigration Appeal Board on appeals, other than those reviewed by the Minister, is final.

Section 39 reads as follows:

No court and no judge or officer thereof has jurisdiction to review, quash, reverse, restrain or otherwise interfere with any proceeding, decision or order of the minister, deputy minister, director, immigration appeal board, special inquiry officer or immigration officer had, made or given under the authority and in accordance with the provisions of this act relating to the detention or deportation of any person upon any ground whatsoever, unless such person is a Canadian citizen or has Canadian domicile.

There, sir, is exposed for all to see, the measure of my hon. friend's histrionic avowals, the measure of attention which should be paid to his flamboyant exclamations of outrage.

Mr. Pickersgill: Since the hon. gentleman has directed his remark to me I think I should be allowed to answer.

Mr. Bell (Carleton): I have just indicated that the hon. gentleman was the minister of citizenship and immigration during this time.

Mr. Pickersgill: The hon. gentleman has directed a question to me. I do not know whether he wants an answer to it. I will be pleased to supply one if he wishes.

Mr. Bell (Carleton): The hon. gentleman will have plenty of time to reply later.

I have said only that the hon. gentleman during this period of years did nothing about this situation.

Mr. Pickersgill: That statement is untrue.

Mr. Bell (Carleton): Let us examine the records of this house and we shall see.

I deal now directly with the allegations against the appeal sections of this resolution. If one were to listen to what the Leader of the Opposition said this afternoon one would conclude that the tariff board had been ousted completely. That is the impression he sought to leave, and indeed, Mr. Grant Dexter has said so directly in the Winnipeg *Free Press*, although he must know how erroneous he is.

The fact is that in all material particulars the right of appeal is preserved intact and such abridgement or limitations as are provided are in lesser particulars, largely of a statistical nature. Such limitations, sir, are commonplace in statutes providing the right of appeal, whether it be the Supreme Court Act or in the provisions for lesser appeals.

In respect of shelf goods, hon. gentlemen seem to say that the one important issue is to determine the normal Canadian consumption and that all else is a mathematical calculation. That is not right at all. The really vital issue or the central problem of all is this. Are the goods in fact of a class or kind made in Canada? On that issue, and it is the vital one, the regular appeal procedure is preserved intact. The regular procedure of appeal remains unabridged in respect of the determination of the amount of Canadian production and in the application of the ten per cent rule. The abridgement relates only to a statistical computation in respect of which the opportunity for error is virtually nonexistent.

My hon. friends have exclaimed that an unscrupulous minister could cook this statistical computation. Any attempt at impropriety would be known to this House of Commons within 24 hours and the real sanction of this high court of parliament would come into play.

The argument in this respect would really carry one to the impossible result that no final administrative decision could be entrusted to a minister of the crown. Indeed, that is exactly what the hon. member for Bonavista-Twillingate said, as reported at page 1722 of *Hansard*.

Mr. Pickersgill: I said no such thing.

Mr. Bell (Carleton): Then I will read to the hon. gentleman what he said on that occasion:

I say that every administrative decision affecting the rights of a citizen should be subject to an appeal

Mr. Pickersgill: The rights of a citizen, yes.

Mr. Bell (Carleton): All administrative decisions involve the rights of a citizen.

Mr. Benidickson: "Appeal" is the important word.

Mr. Bell (Carleton): If such were the case, we would not have government; we would in effect have a state of anarchy. I think it must be evident to all hon. members of the committee that hon. gentlemen opposite, prodded by the Winnipeg *Free Press*, are pursuing their old strategy of playing both ends against the middle—I use that expression both literally and figuratively—in regard to tariff policy. They blow hot and cold; they beat around the bush; they straddle the fence.

Mr. Pickersgill: All at the same time?

Mr. Bell (Carleton): Let me just illustrate my point. If you look at page 571 of *Hansard* of February 1, 1960, you will see that my hon. friend from Ottawa East (Mr. Richard) is in favour of the total elimination of tariffs on automobiles from the United States. Yet every member of this house knows that the hon. member for Essex East (Mr. Martin) favours almost prohibitory restrictive measures against the importation of automobiles and automobile parts.

Mr. Pickersgill: What justification is there for that statement?

Mr. Bell (Carleton): The hon. member for Essex East favours sky-high tariffs for all the products of Essex county and free trade for the products of every other county of Canada.

I think the hon. member for Essex East, who has been very noticeable by his silence in this matter, should enter this debate before it is finished and tell the committee what he finds objectionable in this legislation. He has been voluble on other subjects, but he has been noticeably silent on this matter.

I have never been one to believe that to say "raise a tariff item" is to utter naughty words, any more than I am prepared to believe that one instantly surrounds oneself with a halo of righteousness when he says "lower tariffs". My philosophy in this is purely pragmatic. In this day, one cannot be theoretical. It is not really a question of tariffs at all; it is purely a matter of classification, of what will contribute to employment and development in Canada without prejudice to our export trade. In that I believe. This resolution meets that test and on that basis should have the support of the house.

I say to hon. gentlemen opposite, let us be done with silly, political manoeuvring, with the hollow sham of the type engaged in by the Liberal front bench, seeking only to resurrect the political quarrels of yesteryear and doing damage to secondary industry and employment in Canada, as well as to primary producers, east and west alike.

Mr. Pickersgill: Mr. Chairman, I am not rising to speak; I am merely rising to correct an incorrect statement made by the hon. member for Carleton who has just resumed his seat.

The hon. member said I had done nothing whatsoever about the appeal provisions of the Immigration Act. Of course, the hon. member, from the phrase he read, made it very clear that those provisions did not, in fact, in any case apply to Canadian citizens at all. They could not apply to Canadian citizens at all. They apply only to persons who are not Canadian citizens.

However, since the hon. gentleman has taken it upon himself to make this statement, I should like to remind the committee, that in fact I prevailed upon the governor in council to exercise the powers given him under that act to set up an appeal tribunal for landed immigrants and to give every landed immigrant a choice between having his case dealt with finally by appeal board or by the minister.

If the law had allowed me to do so, I would have made it absolutely final; but the law as it then was, did not allow me to make it absolutely final. I also stated on more than one occasion that on the first occasion I had the opportunity to make any suggestions in parliament for changes in the act, I would suggest that this appeal jurisdiction be made

final. But I went just as far as the law, which the Minister of Finance helped to enact, allowed me to go. It was made before I came into this house, and I went as far as I could to assure appeals even to landed immigrants.

Mr. Winch: Mr. Chairman, for the past 40 minutes I have been sitting in my place listening with awe, fascination and admiration to the outflow of words from the hon. member for Carleton. Over the years I have heard members overcome with the exuberance of their own verbocity, but the hon. member gets the championship in this respect. It was absolutely awesome to follow the flow of adjectives and connotations in his opening remarks when he was trying to get in what I presume was a good offensive, or defensive, with the heavy guns. I thought his words were so wonderful that anyone who followed the hon. member should at least for one sentence try to reply in kind.

I know I can never meet the verbiage of my hon. friend, but I would like to say that in my opinion his remarks were such a vapid, vituperous, vitriolic, vindictive, vilifying, venting from a vacuum as has been seldom heard in this house. Mr. Chairman, I ran out of "v's".

May I in all sincerity say to the hon. member that the way to influence members and win friends and support is not by bombast; it is not by riding roughshod, but by trying to put forward in a calm and deliberate manner that which will answer the objections raised on this side of the house.

Whether the government likes it or not it must be recognized that there is a great deal of concern in Canada about the implications of the matter which is before us through this resolution. Very, very definitely there is major concern in western Canada.

When I spoke on this resolution on February 2 I tried to set forth what was causing concern to the primary and manufacturing industries of British Columbia and the boards of trade. I pointed out at that time that the primary and manufacturing industries and their organizations, and we too, are very seriously concerned about the word "approximately" used in the phrase "goods approximately the same class or kind made in Canada". I pointed out that we thought that if what we took to be the meaning of the minister in his opening remarks was correct, it would go a long way to satisfying those who are disturbed if that section of the proposal were to read, "in the case of goods other than goods custom-made to specifications, goods of the same class or kind similar in nature and purpose made or produced in Canada".

I spoke at some length on this matter on February 2. The minister was good enough to reply in such a manner as to, in his estimation, clarify the situation. I wish to draw the attention of the committee to certain parts of the minister's statement on February 2, as reported at page 1684 of *Hansard*. The minister said, as reported in column 1:

> I hope I can convince him.

That is, myself.

> As I have said to those organizations which made the recommendations from British Columbia, I think their fears are based on an assumption and I do not think the assumption is warranted. In general I think their fears have been greatly exaggerated.

The minister continued:

> I shall be glad now to give to the committee and to the hon. member the substance of the views which have been conveyed to these associations. The concern which they have expressed is to the effect that there will be a material increase resulting in the cost of machinery and tools of production used in their operations and thus their position in relation to export sales will be weakened.

The minister then went on to try to clarify the situation. He spoke at some length, and, as I say, I appreciate that. On the following day, without any comment from myself, I sent a copy of *Hansard* containing the hon. gentleman's remarks to those organizations in the producing and manufacturing industries which had brought this matter to my attention in the first place. After studying the statement of the minister together with the information he had supplied, these people came to the conclusion that they have even more reason to feel concerned at the present time than they did before. As a result, they are in outright opposition to the proposals now before us.

I know that at least one body has made additional representations to the minister. I refer to the Vancouver board of trade which, apparently, takes a view similar to that taken by many of us here. The longer this debate goes on and the more time we have to study this question, the more concerned we are becoming about the possible effect of the changes in the Customs Tariff in connection with the "made in Canada" rulings which the government proposes to introduce.

So, once again, I have to ask the Minister of Finance whether he can clarify the situation further in the light of these new representations following a study of the statements he made in this chamber on February 2. I should like the minister to say whether or not he can answer the problems which these people foresee and whether he can give them assurances that the government proposals will not mean increasing costs in British Columbia. It is still my opinion,

which is reinforced by this recent information, that the legislation we have before us now is, at least, so controversial that it should definitely not proceed until a great deal more study has been given to it by those who will be affected.

I should like in particular to draw the attention of the minister to five points which, in the opinion of British Columbia, are of major concern. They are outlined in a letter to the minister from the Vancouver board of trade. The first of these five points read as follows:

(a) The phrase "custom-made to specifications" is ambiguous because it does not state whose specifications shall be considered. Many custom-made goods are bought on the manufacturer's specifications subject to modifications by the customer. It is suggested the wording should be clarified and provision made for the securing of rulings in advance.

The second point reads:

(b) The words "adequate facilities" seem to mean that a "Made in Canada" ruling could be secured before there is in fact any manufacturer in Canada. Otherwise Canada will be in the anomalous position of having something declared to be "Made in Canada" which has never in fact been made in Canada.

The third point is also very important. It is:

(c) The words "economic production" are not satisfactory because it is not clear to whom the test of economic production is to be applied. Further, if a Toronto manufacturer is declared as having adequate facilities for the economic production within a reasonable period of time for a Toronto customer how does this affect a Halifax or Vancouver customer? Is freight to be a consideration? It is conceivable in the above example that a Toronto manufacturer could be economic to a Toronto buyer and not at all to a Halifax or Vancouver buyer. If freight is to be a consideration then should not the legislation say so?

The Toronto case is, of course, given as an example. That is how they feel in British Columbia, and I agree with them. Then, again, the point is made:

(d) The words "reasonable period of time" are not satisfactory since what is a reasonable period for the manufacturer may be completely unreasonable for the buyer.

Finally, the board states:

(e) The minister's determination may take place at a time when there are outstanding orders with foreign manufacturers. It is departmental practice to acknowledge the problem of "lead time" but there is no guarantee that such practice will be continued when discretion in the matter is vested in the minister without right of appeal. The buyer who had orders outstanding at the date a ruling was made by the minister should be specifically protected in the legislation.

There we have in general the views which have been expressed to the minister. These are the reasons why they are still concerned in British Columbia about the possibilities and the implications of this legislation. I do not intend to take time in order to express their attitude, and my own, with regard to the question of appeal. I think sufficient has been said on that subject already. Anyway, the bombastic arguments used on the government side and the sneers directed against those in the opposition who try to present the situation as they see it, and as they understand it from outside, are not going to resolve these doubts in any way.

I wish to say this. From all the communications I have received, from discussion with my colleagues and from my own studies to the best of my ability I believe that if the proposals now before us become legislative enactments established as regards the made in Canada rulings under section 2(a) 1(a) and under section 2a (1b), there is every possibility—indeed, it is almost inevitable—that the effect at least in western Canada will be to limit our ability to produce in order to be able to compete on world markets. That ability means everything in my province of British Columbia. I feel that costs of production in western Canada and in Canada as a whole are already too high and that the passage of this resolution will worsen the situation. I think it would be especially harmful to the maritimes and to the province of British Columbia.

I have tried to express the views of the primary and manufacturing industries of British Columbia as well as of the board of trade as they were relayed to me. Perhaps I do not understand this problem but surely industry does. This was their feeling which I expressed on February 2 and it is their feeling now. After reading the words of the minister on this subject there is an increasing feeling that this is dangerous to Canada and harmful with respect to maintaining the position of industry in western Canada.

I am always open to conviction. Although much time has already been spent on this resolution I hope the minister will take a little more time in order to answer the questions that have arisen. If the hon. gentleman does not do a better job of explaining than he has up to this time it is the opinion of many in this chamber and of industry in western Canada that the only course open to the minister is to withdraw the legislation for further and continuing study.

Mr. McMillan: Mr. Chairman, I am interested in the class or kind items and particularly those items relating to articles made to specifications.

On February 3, as reported at page 1737 of *Hansard*, the Minister of National Revenue talked about the construction of a generator in Canada last year which he said provided thousands upon thousands of man hours of employment. The minister said he had ruled that the generator was of a class or kind

made in Canada. Therefore, if it entered from outside the country it would be subject to duty. The minister also said there was no appeal and there were no grounds for the dire fears and dread which were expressed by hon. members on this side of the chamber.

I understand from the industry that makes big generators that size does not make much difference since all generators are made to specifications in any event. Generators and generator parts under the British preferential tariff are subject to between 10 to 15 per cent duty if made in Canada and they come in free if they are not made in Canada.

After all, they are all capable of being made in Canada. I think the minister made the proper ruling and this project did provide work to a number of people.

There has been no change in the capacity of industry in recent years and there has been no change in this budget item. At the time of the buying mission to Great Britain, Mr. Duncan gave an order for a larger generator at a time when we had unemployment in our industry here and when the industry in Great Britain had almost full employment.

I was told by the department that that generator was admitted to Canada duty free and that in all probability duty would be charged today. Suppliers in the Niagara district at the time were collecting prices because they thought at that time the generator was to be made in Canada. The people in my area feel that they lost many, many man hours of employment on account of that contract for the generator going to Great Britain. The people in Peterborough where the generator was supposed to be built gave voice to their feeling of keen disappointment later.

This leads me to wonder if there was not some erosion on the part of the government at that time in doing Canadian workmen out of thousands and thousands of man hours of employment.

It may be said that there was no appeal taken at that time. I can understand why no appeal would be taken. Our industry supplies hydro in a big way and they certainly would not want to compromise any future orders they might receive from that quarter.

The minister spoke about the intent of parliament in these items. I wish to ask the minister if, as far as generators are concerned, there was one intent for 1959 and another for 1960?

The Minister of National Revenue in answering a question yesterday said that there was some remission of tariffs to Canadian Fairbanks Morse in connection with the generators. This has to do with the public accounts of 1960. That generator would be admitted in 1959. In 1959 this government was not charging a duty on generators. It has done so, however, in 1960.

As I said, I think the government was right in following the course it did in 1960 but why did it not follow that course in 1959? We have had the government doing one thing one year and a different thing the next year.

Mr. Hellyer: But doing nothing, most of the time.

Mr. McMillan: The government has done this at a time when the decision is appealable. If it is not appealable the government can change it every week or two and we cannot do anything about it.

Mr. Fleming (Eglinton): Mr. Chairman, I do not wish to interrupt the hon. gentleman but if he wishes an answer to his question, I can give it to him if he would prefer to have it now.

Mr. Martin (Essex East): The hon. member should be allowed to embellish his argument without interruption.

Mr. Fleming (Eglinton): I was just asking the hon. gentleman if he wished the answer now or later. I am prepared to give it now. The answer is very simple, Mr. Chairman. The generator the hon. member speaks of was not made in Canada in 1959 but by 1960 it was being made in Canada.

Mr. Benidickson: On the 10 per cent rule?

Mr. Fleming (Eglinton): Yes.

Mr. McMillan: In view of the minister's explanation I should like to ask him a question. The generator came in free of duty in 1959. Would the minister extend the same advantage to, let us say, the premiers of Quebec or New Brunswick—gentlemen of different political persuasion—if they wanted to bring one in this year? It seems likely that if Mr. Bennett of British Columbia goes up to the Peace river to build a generating station he might be in the market for a generator. Would the same advantage be extended to him if he wanted to bring in a generator.

Mr. Pickersgill: Not the Peace river, but the Columbia.

Mr. Fleming (Eglinton): The law is uniformly applied but the hon. member must appreciate that at times new products are manufactured in Canada. If one happens to be of the kind we are discussing here then obviously a time comes when an article that was up to that time ruled to be of a class or kind not made in Canada thereafter may be ruled to be of a class or kind made in

Canada. These situations change. That is what happened in the case to which the hon. member has just now made reference.

Mr. McMillan: Does the minister then say that the generator of the type and size that was imported by Canadian Fairbanks Morse in 1960 was not of a class or kind made in Canada and would the same apply with respect to the hydro generator?

Mr. Fleming (Eglinton): Mr. Chairman, let me make this clear. The hon. member uses the words "type or size". I have said, in the language of that statute, that the generator that he speaks of was, in 1959, not of a class or kind made in Canada but that by 1960, because of manufacture in Canada, it was in 1960 of a class or kind made in Canada.

Mr. Benidickson: Mr. Chairman, would the minister inform all of us what in 1960 made the change? Which manufacturers were providing the 10 per cent or perhaps the equivalent that is necessary under the law?

Mr. Pickersgill: Surely the minister is going to answer.

Mr. Fleming (Eglinton): Yes, Mr. Chairman, but I am not sure that I should give names in a situation like this. I happen to know what the names are. I have just received information from my advisers. I do not think the hon. member is going to ask for names. The information is that the manufacture of this type of generator was being carried on in Canada in 1960. I would not mind giving the hon. member the information he requires but not the names.

Mr. Benidickson: I do not want the names.

Mr. Pickersgill: I should like to ask the minister whether this generator that was imported in 1960 would be regarded under the present law as shelf goods or as custom-made goods.

Mr. Fleming (Eglinton): The latter.

Mr. Pickersgill: If it was possible to determine that an article of this sort, which the minister said was custom-made goods, had been made in Canada in 1960, can the minister then explain why the present amendment he is asking for is necessary at all?

Mr. Fleming (Eglinton): The hon. member is talking about one case but we are talking here about all cases in relation to some 70-odd items of the tariff. The hon. member has simply picked out an illustration of the fact that the situation can change, that an article that is not at some particular date made in Canada can be made in Canada at a later time, and therefore the change almost automatically follows under the statute and the article, if imported, then attracts a higher rate of customs duty.

Mr. Pickersgill: Before the hon. member for Kenora-Rainy River proceeds, I might point out that the parliamentary secretary told us this afternoon that the erosion had gone to such a point that custom-made goods were automatically ruled not to be made in Canada, so whom do we believe, the minister or the parliamentary secretary?

Mr. Fleming (Eglinton): With respect, Mr. Chairman, let us keep this discussion on the rails and close to what hon. members have been saying. I have made my remarks about the erosion and I am not repeating them at this time. The fact is, however, and everybody is aware of it, that when the manufacture of an article is introduced in Canada, if it is introduced in sufficient quantity then the case moves from one of goods of a class or kind not made in Canada into the category of goods of a class or kind made in Canada.

Mr. Benidickson: Mr. Chairman, throughout this debate the Minister of Finance has made what I regard as a specious and improper argument when he has said that the rates of duty are not affected by the amendments before us. On the sole basis of interpretation of language I could agree with him but with respect to the effect in an industrial way we have had many comments during this debate as to what might be involved so far as volume of trade is concerned. The Leader of the Opposition referred to a figure of $200 million of trade imports in this particular arena. That figure, of course, cannot be taken as a maximum because we have to have regard for things that probably were normally produced in Canada and as a result the figure could be terrifically high.

In this debate I think the Minister of Finance has continually avoided a proper answer to the questions we have raised on some of these matters. Certainly there is nothing in what the Minister of Finance calls a short, simple resolution that changes the rates of duty. The hon. member for Vancouver East has been vocal in this debate but I hope that members of parliament from the prairie provinces, who happen to be all on the government side with the exception of the hon. member for Assiniboia, and Conservative members from the maritime provinces will tell us whether they have studied the implications of this resolution and whether or not they have decided that they approve of the resolution. They have been slavishly silent and have been of completely no help to us with regard to these matters.

I think the time has come for members of parliament from these areas who support the government to tell us whether or not they have studied the uncertainties that have been suggested by the opposition. The things that we have suggested are likely to be very adverse not only to consumers and end users but to the possibility, as the hon. member for Vancouver East mentioned today, of new industries in British Columbia in that this legislation, by means of an unnecessarily high impost on the cost of their basic machinery, will increase their costs to the extent that they will not be efficient. I believe these things have to be considered and in my opinion there are many subjects to be discussed in connection with this resolution.

There is the question of our relationships with GATT. There is the question of whether or not the historic concept has been properly presented by the Minister of Finance. I assert that it has not been properly presented to the house by him. I ask the minister at this point to have regard to the situation vis-à-vis GATT. We are all rather uninformed. We are not specialists or experts in this highly complicated field involving trade amounting to perhaps $5 billion or more.

Normally we rely on a minister to come before the House of Commons and, regardless of his political responsibilities, to accept the administrative responsibility to tell all of us in this chamber what we want to know. We expect that of a minister. We do not want quick assertions such as he made in a speech in Toronto when he said that the action of the government has aroused the interest of all our associates in GATT and that the government is confident that what they are proposing to parliament is within the framework of GATT. Members of parliament, I think, usually pay attention to language such as that used by the minister in addressing laymen in Toronto on January 9 when he said that "our proposals have aroused interest". Surely there is a warning to every member of the House of Commons to ask questions with respect to the use of a loose phrase of that type.

I want to know whether or not the minister is prepared to comment upon his responsibility in connection with the alteration of our trading law that is involved in this redefinition as it relates to article X, subsection 3, paragraph (b) of the general agreement on tariffs and trade signed at Geneva, October 30, 1947, by Canada and many other countries. I quote from this section of the agreement:

> Each contracting party shall maintain or institute as soon as practicable, judicial, arbitral or administrative tribunals or procedures for the purpose, inter alia, of the prompt review and correction of administrative action relating to customs matters.

I speak only as a member of this House of Commons, and I do not claim to be a lawyer interpreting this provision. I think it is written in laymen's language. In my opinion, it means that the contracting governments will maintain an appeal opportunity that is above and beyond its customs administration. Of course, prior to the signing of this agreement we had such a procedure in Canada. This meant nothing to Canada.

However, despite the eloquent remarks made this afternoon by the hon. member for Carleton, I suggest that the obvious elimination of appeals in certain areas of customs matters is certainly a violation of this section of the agreement which we made with so many other trading countries in 1947.

I know that the government asserts that our courts have, in some way, in the last decade eroded the situation that existed when we signed this agreement. This particular subject has been debated in this committee on four or five occasions, and on each occasion we have challenged the Minister of Finance, and those who speak for officialdom, to tell us in what respect our partners in GATT can consider that they received what he described as free or non-traded benefits. I do not believe that the minister or his parliamentary secretary has indicated to this committee where we have been giving away, through our judicial processes, something that was not expected in 1947.

I want Canada to retain the things in the agreement that were to Canada's advantage when the agreement was signed in 1947. This administration has not indicated to us in any way that we are not being placed in jeopardy of retaliation in so far as our export industries are concerned. This new proposal is, in fact a departure from what was contemplated by all our trading partners in 1947. I want the utmost for Canada, of course, but what I am afraid of is that, by passing legislation of this kind, we are going to get reprisals, perhaps in a subtle way, from our trading partners. No member of this parliament will hear a word about it, but our exporters will suffer. Our representatives who sit in Geneva year after year, clever and able though they are, are going to be embarrassed by the legislation that is proposed here.

As hon. members of the committee are aware, I have a question on the order paper on this subject. I was rather loath to put it as a formal question, but I wanted to ask this government to inquire about protests that may be received by our representatives at home and abroad. I refer, of course, to people who might feel that, under the terms of the GATT agreement, they were entitled to

certain adjustments in the trading arrangements that were outlined in part I of the schedule to the agreement. I regret, Mr. Chairman, that I had to put this question in *Votes and Proceedings,* but I feel that the minister is so glib that I would not ask him this question. I followed this procedure deliberately because the minister has been too glib in the debate and not too accurate in his information to the committee.

Mr. Smith (Lincoln): I did not intend to enter the debate again. I spoke a few days ago. However, I should like to say that I resented the attitude of the opposition frontbenchers in taking the floor from my good friend the hon. member for Welland. I was enjoying the remarks of the hon. member for Welland and I would have been pleased if he had been given the opportunity of completing his remarks. Perhaps he was saying the wrong thing. He certainly was expressing the principle set out in the resolution we are discussing now. In fact, I do not believe he could do otherwise because he comes from an area in which there is a great deal of secondary industry.

Mr. Pickersgill: I am very glad the hon. member for Lincoln intervened in the debate at this point because otherwise I might have forgotten a point he made the other day in debate and to which I want to refer. I am very grateful to him for reminding me of it.

I want principally to speak about the speech made this afternoon by the hon. member for Carleton who apparently thought that rhetoric and bombast would be an adequate substitute for a total lack of substance, because there was an almost total lack of substance in his speech. I think we would all have been much more impressed if the hon. gentleman in talking about erosion had given us examples of erosion.

As I understand it the Minister of Finance, the Minister of National Revenue and now the parliamentary secretary, claim that the nature of this erosion has been that the tariff board and the courts by their decisions have changed the concept of a class or kind made in Canada from what it was ten years ago, and have narrowed it and limited it in a way in which it was not narrowed and limited ten years ago. If that is not a correct statement of what erosion means according to the minister, I would be happy to be corrected, but I think it is.

I have examined every one of these seven cases that the hon. gentlemen have adverted to, but they have been very careful to see to it that we are never given particulars. Even the hon. member for Carleton, when referring to the case of the .22 rifles, seemed to be singularly lacking in detail. I have here a few details about that case which I think ought to be placed on the record because it is typical of all seven that I have examined in somewhat more detail in private than the hon. gentleman did in public.

In the case of the .22 rifles it is true that there was a decision of the deputy minister that these rifles, of a particular kind, were of a kind made in Canada, but I am informed, and I think quite correctly, that these rifles were not ruled of a class or kind made in Canada in the customs memorandum, series D, No. 51 MCR 14, then in effect at the time this decision was made. That memorandum had not been cancelled. That memorandum I might say, constituted the decision of the commissioner of customs, Mr. H. D. Scully, that the seven models and makes of the .22 calibre automatic rifles were of a class or kind made in Canada on April 11, 1939. In other words that decision of the tariff board was a decision that was in line with the decision made by Mr. Scully in 1939, which the deputy minister departed from in his decision of 1949. The plain fact is that the deputy minister, by his decision, had enlarged what had been the historic concept. The tariff board has properly gone back to that historic concept in every case that I have examined.

Of course the hon. member for Kenora-Rainy River mentioned the undisputed details of the shovel case which showed that over the years the shovel case was decided in one way and on an appeal in the way the department had decided over the years and then the deputy minister made a different decision, which was overruled by the tariff board which again went back to the historic concept.

If we had time, sir, we could go through all these cases and show that in every case there was in fact no erosion at all. We could show very much the contrary, that the tariff board and the courts followed the historic trend consistently. What is more, it does seem to me that my hon. friend from Kenora-Rainy River in reading the provision of GATT, drawing to our attention article 10, has given indication that this is so.

Article 10, section 3 (b) reads as follows:

> Each contracting party shall maintain, or institute as soon as practicable, judicial, arbitral or administrative tribunals or procedures for the purpose, inter alia, of the prompt review and correction of administration action relating to customs matters.

Mr. McKinnon was chairman of the tariff board for seven years before 1947 and for ten years afterwards. I do not think anything happened suddenly to Mr. McKinnon which would make him erode the decisions he had himself made. Everyone knows that Mr. McKinnon was one of the principal architects

of GATT. Everyone knows that Mr. McKinnon knows better than anyone what GATT meant. I do not think anyone really would be expected to believe that Mr. McKinnon would make decisions that were contrary to GATT.

I would suggest, sir, that this attempt by the government to take away many of the essential elements of appeal to an administrative tribunal is a clear infraction of that section of GATT. It is a deliberate attempt to disregard the provisions of our international obligations.

The parliamentary secretary this afternoon jeered at the reference made by the Leader of the Opposition to the bill of rights. I would just like to draw to the attention of this committee the terms of section 2 (e) of the bill of rights which reads as follows:

(e) deprive a person of the right to a fair hearing in accordance with the principles of fundamental justice for the determination of his rights and obligations;

No one could deny that at the present time these decisions as to whether an article is of a class or kind made in Canada, are appealable to the tariff board on all the elements and facts of the case, and not on selected facts, selected by the ministry, while other selected facts are to be excluded.

The minister said this afternoon that this was not a determination of the rate of duty, but that is precisely what it is. When the minister makes one of these class or kind decisions he is determining the rate of duty. The minister can arbitrarily and finally, in the case of custom-made goods, and also by jiggery-pokery, if he wants to exercise his powers in the case of shelf goods, make an arbitrary decision which cannot be appealed, and in the case of normal Canadian consumption, one taxpayer might be paying 22 per cent and the other 7 per cent in comparable circumstances from which there can be no effective appeal.

Mr. Benidickson: No one knows about it.

Mr. Pickersgill: As the member for Kenora-Rainy River said, it is done in secret. It may be perhaps done by someone other than the minister himself. As everyone is aware, most of these decisions are made by clerks and not by the minister at all.

Mr. Horner (Acadia): Would the hon. member permit a question?

Just before he sat down the hon. member said that most of these decisions were made by clerks. I take it we can assume that he himself made a number of decisions for Mackenzie King.

Mr. Pickersgill: No, I did not make any decisions for Mr. Mackenzie King because neither Mr. Mackenzie King nor myself happened to be the Minister of National Revenue or a clerk in the department at that time, and that is what we are talking about now. I think there is plenty of scope within the ambit of this resolution to keep us busy without going off into that kind of diverting diversion, if I may put it that way.

Mr. Benidickson: Like British trade.

Mr. Pickersgill: Yes, like British trade as the hon. member so aptly puts it. Why is the government so frightened of the tariff board? This is a tariff board that they themselves appointed, and yet they are so anxious to take jurisdiction away from the board. That is what they are doing; they are taking away from the tariff board the jurisdiction it now has in the determination of whether a man's obligation is to pay the lower or the higher rate of duty. They are taking away the right a man now has to have a determination by a tribunal.

Why does the government want to do that? Why are they afraid of their own board? What do they think the board is going to do? That is why I was glad the hon. member for Lincoln intervened in this debate because I might otherwise have forgotten this point. The hon. member for Lincoln really let the cat out of the bag the other day. He told us it was not easy to get at the tariff board, but it was easy to get at the minister. That is the reason, and that is the only reason that makes any kind of sense.

I know the Minister of National Revenue, the Minister of Finance, and today the parliamentary secretary to the Minister of Finance, have given the reason that every tyrant has always given for discretion; that it is faster; that it is more efficient; that they are good tyrants anyway. They say, "Maybe the wicked Liberals would do things badly, but not us good Tories. We would assure justice for our friends, and the Liberals do not deserve any justice anyway".

Mr. Fleming (Eglinton): That is bad grammar. Change "us" to "we" there.

Mr. Pickersgill: I know it is bad grammar, and it is bad law that the minister is trying to enact. No doubt one bad thing tends to generate another. That is exactly the gravamen of my argument.

Why do they want this arbitrary power? What secret, clandestine purpose have they in mind? As the Leader of the Opposition said earlier today, if the government insists on putting in this bad definition and using its majority, a majority from provinces that are going to suffer very seriously because of this law, of course we cannot stop them. But at least it will be the law and at least there

will be tribunals to determine the matter. But they insist not only on changing the law; but they say there can be no appeal and a taxpayer cannot get the new matter before the courts.

In his omniscient wisdom the Minister of National Revenue will decide these things. They say that it does not matter anyway, that these things are very easy to decide. If they are easy to decide, what difficulty is there about sending them to the tariff board for decision? Moreover, the Minister of Finance, on December 20 in the debate on the supplementary budget, said this as reported at page 1013 of *Hansard*:

> —we consider it important to provide for careful investigation and public hearings before major tariff revisions are introduced. This permits all interests and all points of view to receive full consideration. We believe that the tariff board is the appropriate body to undertake this task, and that in order to do so expeditiously the board should be enlarged sufficiently to permit it to adopt a panel system.

In other words, the minister himself in his speech on the supplementary budget said that the tariff board was the appropriate body to decide these questions. Why does he not let the tariff board decide them? It is true the minister said at another point—and I am not going to the trouble to look it up, unless I am challenged; I have the reference here—that there had been a welter of these appeals; but the Minister of National Revenue said there had been very few. Since they are appeals from the decisions of the Minister of National Revenue, I suppose he really knows better than does the Minister of Finance how many there are. If there are very few, it will not clog up the work of the tariff board to decide them. If there are many appeals, it would suggest there are many taxpayers who feel they have a right to take seriously the words that the Prime Minister put into the bill of rights through this parliament, namely that a person should not be deprived of the right to a fair hearing in accordance with the principles of fundamental justice in the determination of his obligations.

What is a tariff? It is a tax. In this legislation we are saying that the Minister of National Revenue shall decide what the tax is to be, instead of parliament so deciding. As a result of this legislation the Minister of National Revenue will decide whether it is to be a low rate of duty or a high rate of duty.

If custom-made goods are concerned, nobody can challenge that decision at all; there is no way of going beyond it. If shelf-made goods are concerned, all the minister has to do is fix the normal Canadian consumption at such a figure whereby it can be shown that 10 per cent is produced in Canada and there is again no appeal.

In other words, the meaning is taken right out of the right of appeal. It is true that one can appeal on some of the facts, but the board is not allowed to look at the rest of the matter. They will therefore be incapable of making any decision that has any meaning. This is a travesty of justice.

As the Leader of the Opposition said, this is the fundamental problem. We do not like this surreptitious method of trying to increase the tariff, but that is a proper difference between the two parties. If hon. gentlemen opposite want to do that, they have a majority and all we can do is make our arguments in parliament, put up the best case we can and let the house decide. But when it comes to this question of a fundamental right to a hearing that was supposed to have been guaranteed in the bill of rights only one year ago, we think that surely sincerity should be shown in the very first case to come before parliament and the provisions contained in the bill of rights should be put to the test.

We say that the Prime Minister should come to this committee and tell us why he thinks it is necessary to take away the right of appeal which now exists. He should tell us why it is taken away from people with regard to many important, and indeed what could be decisive facts, when it is necessary to decide what tax people are to pay and what rate of tax is to be imposed upon them.

We think the Minister of Justice should tell us why it is so essential to brush the courts aside, because forsooth the Minister of Finance says that the courts have eroded the law. If the courts have eroded the law—the minister thinks, as he always does, that repeated assertion makes something a fact—he has given us no facts to demonstrate this.

When I asked the minister the other day to cite one case where the rulings of the customs department have been reversed by the tariff board over the years, he dodged the question and he keeps on dodging it. This is simply making a travesty of the bill of rights. It is making a travesty of the rule of law, and of course it is seeking to take away from parliament and hand to the minister the arbitrary, final power to decide what one taxpayer shall pay and what another taxpayer shall pay, without anyone else being able to look at the case at all.

That is what we in this committee are being asked to approve in this resolution and to found legislation upon. I say, sir, that no more fundamental issue could come before us. Not only is the jurisdiction and

the right of parliament to impose taxes being eroded—that is what the minister is seeking to do—but the right of the taxpayer to a fair hearing and to justice is being eroded. We think these two fundamental principles are the most important, though we do not deny the importance as well of this back door method of trying to increase the tariff.

Mr. Howard: Mr. Chairman, this debate has been going on for a long period of time. I am sure the minister and his officials are getting a bit weary. Still, I believe that if he is getting worried and upset over the delay and the long period of time which has been taken, that is one of the penalties he has to pay for attempting to impose upon parliament by this method the right to give a minister of national revenue the unqualified and unappealable powers which this resolution seeks to confer. This, in my view, is the first and only matter to which we should direct our attention at the moment. It is with regard to this issue that some sensible, logical and reasonable explanation—if there is any—should be made. Following the removal of this final and arbitrary power which is being sought in the resolution we should be in a better position to discuss the other effects of the changes proposed in so far as the economy of the country is concerned.

Speaking for myself, I say this. Unless we can have from the minister sponsoring this resolution some indication that he is prepared to alter paragraph 3 relating to the finality of the minister's decision, unless we can obtain some admission that the hon. gentleman has made an error and that he really does not wish to confer on his colleague in the government authority and power of this type, I have no intention of supporting the other proposals which go along with it.

As the hon. member for Bonvista-Twillingate pointed out a short while ago, toward the end of the last session, with all the trumpeting and fanfare attendant upon a circus, we passed the bill of rights. Presumably we thought that this bill of rights meant something. We took the word of the Prime Minister and others that it meant something and that it would have some baring upon conditions such as those now being sought by the Minister of Finance. However, it is quite obvious that the government really had more verbosity than integrity when it proposed and introduced the bill of rights last session because what we have before us now to my way of thinking, is completely contradictory to the principles contained in the bill of rights and absolutely at variance with the speeches which the Prime Minister and other gentlemen made about rights and freedoms during the last session, in other sessions, and over the years. In addition, it is contrary in my view to all the concepts we have grown up with in this democracy regarding the desirability of removing arbitrary powers from the hands of one or two people in high positions.

For countless years people in this country and in other countries have rebelled against the concentration of authority and power in the hands of one or two persons. The Conservative party, when it was over here on this side of the chamber in opposition, was notable for its objection to the extension of the emergency war measures powers which were wanted when Mr. C. D. Howe was in office. They claimed then that these were arbitrary powers intended to be placed in the hands of one person, that it was shocking to ask for them, and that they should not be continued. The longer this sort of thing goes on, the longer the Minister of Finance and others seek to repeal some of the concepts of democracy and freedom and replace some of the concepts of the bill of rights by a back door approach—I was going to use a word there which came immediately into my mind, but I got into trouble with that a few weeks ago, so I had better not use it again; I will use the word "left-handed"—or a left-handed approach and seek to abridge these freedoms which have taken hundreds of years to develop, they are displaying propensities which are nothing short of tyrannical—and we know that the Minister of Finance is perhaps not lily white in this regard.

I cannot for the life of me understand why the government wants to have these authoritarian powers or why it should want the right to make decisions in secret in some room and not have those decisions brought into the light. I cannot understand why it does not wish them to be subject to an appeal to some other agency or authority such as that which exists in our courts of law. I cannot, as I say, understand for the life of me why they should want this sort of dictatorial power unless there is something nefarious about it, and I am not suggesting there is. I am suggesting, though, that we have so far not received from the Minister of Finance any reasoned or logical explanation as to why he should want his colleague to become more of a dictator than is possible under our present system.

No matter how far the government has convinced itself that it is gentle and kind and sweet and lovable, no matter how far it has convinced itself that it is going to make the right decisions and be generous to everyone and preserve the rights and freedoms of the people, the fact remains that the more that power is concentrated into fewer hands, the easier is the step towards tryranny and dictatorship and the greater is the desire to remove that remains of the freedom and rights

of the people. One of these rights is the right to appeal decisions reached in secret behind closed doors by politicians when heaven knows what sort of pressures are used to get them to make particular decisions. We know that cabinet ministers, like other members of parliament, are subject to pressure from time to time. Some of this pressure is political, and some types of it are worse than others. Some are of a minor nature involving, say, a problem connected with unemployment insurance. But we know there are pressures from certain forces in the economy which would like the government in office to enact laws or regulations which would benefit some small group to the detriment of everyone else. These pressures exist whether the government in office is made up of Conservatives or whether it is made up of people having any other political conviction.

I think the Minister of Finance is being extremely unkind and unfair to his colleague or to anyone else who might hold the office of Minister of National Revenue by seeking to give him power and authority of the kind proposed in this resolution. Ministers of the crown are political figures upon whom more pressures are brought to bear than upon private hon. members by way of telegrams, briefs, letters, telephone calls, personal visits, requests and so on. In giving a minister the type of power sought by this resolution we are placing him in a position of being increasingly subjected to political pressures and requests for determinations under this proposal which might be to the advantage of some segments of the economy and to the detriment of others.

The problem is lessened if the minister is strong-willed, determined, courageous and honest but if he is vacillating, weak, dishonest or unscrupulous the danger becomes very real. This has happened in the past. Not long ago in British Columbia the minister of lands and forests found himself in a difficult position. A minister with a lack of integrity and honesty may be unable to resist the pressures exerted and he may agree to make a determination in return for one of a number of considerations or for a variety of reasons. The decision is unappealable and cannot be reversed. The decision of the minister is final with respect to those matters enumerated in this resolution.

I have no intention of granting this authority to any minister, regardless of who may be holding the portfolio. I say that with all due respect for the present Minister of National Revenue. We are not dealing here with the personal qualities of the minister but with the government's resolution.

I will not support a resolution that can lead to the possibility of a power-mad minister, perhaps not long in office, not bothering with the cumbersome difficulties of processing appeals through other bodies but preferring to make decisions in secret behind closed doors, possibly in response to political pressures or pressures that will provide income to the party coffers.

From time to time editorial writers and politicians level accusations against the socialist movement charging that the socialist movement advocates state control. This is true. Many charges are made against the socialist movement by those who like to make a play of the principles for which we stand. Politicians may do this in an attempt to gain political advantage. Never in their wildest dreams, however, would those who make accusations against the C.C.F. think of accusing the socialists of seeking what the minister now seeks in this proposal, namely individual ministerial control which will lead to the whittling away of our democratic institutions and the undermining of our democratic concepts.

Mr. Benidickson: The hon. member is right. It worries the Liberals.

Mr. Howard: I did not hear that observation. I am prepared to sit here day after day while the Minister of Finance attempts to justify his request for tyranny, dictatorship and authoritarian control, but I have no intention of supporting this proposal. If it is possible for the minister to be humble perhaps he will tell us he does not really seek this power and will have one of his colleagues move an amendment granting the right of appeal. If that is done, I will withdraw my opposition, the amendment may be proceeded with and I will support it.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

The Deputy Chairman: Shall the resolution carry?

Resolution agreed to.

The Deputy Chairman: Shall I report the resolution?

Some hon. Members: Agreed.

Resolution reported and concurred in.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

INCOME TAX ACT

Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That with respect to income of corporations earned on and after January 1, 1961, the amount of the first bracket of taxable income subject to a rate of tax of 21 per cent be increased from $25,000 to $35,000.

2. That for the 1961 and subsequent taxation years the additional tax of 4 per cent imposed on investment income of individuals be repealed as applied to income from sources in Canada.

3. That for taxation years commencing in 1963 and subsequent taxation years a corporation will qualify as an investment company only if not less than 75 per cent of its gross revenue is received in the form of dividends from taxable corporations resident in Canada and that for taxation years commencing in 1961 and 1962 this requirement be 55 per cent and 65 per cent respectively of such gross revenue; however, this requirement shall be 75 per cent of such gross revenue for taxation years commencing in 1961 and 1962 in the case of a corporation that received not less than 75 per cent of its gross revenue in the form of dividends from taxable corporations resident in Canada in its taxation year that commenced in 1960, and 65 per cent of such gross revenue for taxation years commencing in 1961 in the case of a corporation that received not less than 65 per cent but less than 75 per cent of its gross revenue in the form of dividends from taxable corporations resident in Canada in its taxation year that commenced in 1960.

4. That for taxation years commencing in 1963 and subsequent taxation years a trust or corporation established or incorporated solely in connection with, or for the administration of, a registered pension fund or plan shall be exempt from tax only if 90 per cent of its income from investments is from sources in Canada and that for taxation years commencing in 1961 and 1962 this requirement be 70 per cent and 80 per cent respectively of such income; however, this requirement shall be 90 per cent of such income for taxation years commencing in 1961 and 1962 in the case of a trust or corporation that received not less than 90 per cent of its income from investments from sources in Canada in its taxation year that commenced in 1960, and 80 per cent of such income for taxation years commencing in 1961 in the case of a trust or corporation that received not less than 80 per cent but less than 90 per cent of its income from investment from sources in Canada in its taxation year that commenced in 1960.

5. That the exemption from the 15 per cent tax payable by a non-resident person on interest received from a Canadian resident, now granted for interest payable on bonds of or guaranteed by the government of Canada, be repealed with respect to interest on bonds issued after December 20, 1960, other than bonds held by

(a) national governments of foreign countries and their central banks, and

(b) such international agencies as may be prescribed by regulation.

6. That the reduction from 15 per cent to 5 per cent in the rate of tax payable by a non-resident person on interest received from a Canadian resident, now granted for interest on bonds or other obligations of or guaranteed by Her Majesty in right of a province, and for interest on bonds or other obligations provision for the payment of which was made by a statute of a provincial legislature, be repealed with respect to bonds or other obligations issued after December 20, 1960, except bonds or other obligations issued after December 20, 1960 in respect of which a written agreement was formally entered into on or before that day for the purchase and sale, in specified amounts and at specified prices of all of the bonds or other obligations included in the issue.

7. That the exemption from the 15 per cent tax payable by a non-resident person on interest received from a Canadian resident, now granted for interest payable in a currency other than Canadian currency, be repealed except for

(a) interest on any obligation where the evidence of indebtedness was issued on or before December 20, 1960,

(b) interest on any bond or similar obligation issued after December 20, 1960 in respect of which a written agreement was formally entered into on or before that day for the purchase and sale, in specified amounts and at specified prices, of all of the bonds or similar obligations included in the issue, or

(c) interest on any obligation incurred in the course of carrying on a business in a country other than Canada.

8. That the reduction from 15 per cent to 5 per cent in the rate of tax payable by a non-resident person on dividends received from a Canadian resident, now granted for dividends paid to a non-resident corporation which owns all the voting shares (except directors' qualifying shares) of the Canadian resident paying corporation, be repealed with respect to dividends paid after December 20, 1960.

9. That the rate of tax payable by a non-resident corporation on dividends received from a Canadian resident, now limited to 5 per cent in accordance with paragraph 2 of article XI of the income tax convention between Canada and the United States be increased to 15 per cent with respect to dividends paid after December 20, 1960.

10. That with respect to income earned on and after January 1, 1961 a special 15 per cent tax be imposed on a non-resident corporation carrying on business in Canada, other than a bank, life insurance company, transportation company or communications company and that the tax be computed by reference to the amount remaining after deducting from its taxable income earned in Canada the aggregate of

(a) the tax payable under part I of the Income Tax Act, including the tax payable under subsection (5) of section 10 of the Old Age Security Act,

(b) income taxes payable to a province which are not deductible in computing income for purposes of the Income Tax Act, and

(c) an allowance in respect of net annual increases in its capital investment in property in Canada.

11. That where the contractual rate of interest on any bond, debenture, mortgage, note, bill or similar evidence of indebtedness issued by a tax-exempt borrower including a government after December 20, 1960 is less than 5 per cent, and the evidence of indebtedness is issued at a discount which provides an effective yield to maturity, or to the earliest call-date, that exceeds the contractual rate by more than 33⅓ per cent thereof, the whole of the discount shall be deemed to be income in the hands of the first Canadian resident taxable holder of the evidence of indebtdness.

12. That for the 1961 and subsequent taxation years a student in full-time attendance at a university in a course leading to a degree be permitted to deduct in computing his income the tuition fees paid by him in the year to the university, and that the said tuition fees also be deducted in computing the income of the student for purposes of determining whether the student is a dependent.

The Deputy Chairman: I might inform the committee that the terms of the proposed amendment will be found as an appendix to *Votes and Proceedings* for Thursday, February 2 last.

Mr. Fleming (Eglinton): Mr. Chairman, with respect to the income tax resolution may I suggest that as it is one resolution with 12 paragraphs we follow the procedure of other years, that you call the paragraphs separately as though they were separate resolutions and that we adopt them seriatim in the order in which you call them.

Mr. Pickersgill: Mr. Chairman, if I understood the minister correctly he suggested that the paragraphs of the resolution should be called seriatim. I think it has been the usual procedure to have some discussion about the resolution as a whole before individual items have been called and I would hope that procedure could be followed. That is the procedure we would wish to follow at the present time.

Mr. McMillan: Mr. Chairman, I should like to say something on this matter because in former years we have had a discussion on the resolution as a whole. I find, in going back to June 4, 1956, that after a discussion of the income tax resolution that covered 24 pages in *Hansard* the hon. member for Greenwood said, "We have been all over creation", and the hon. member for Eglinton then proceeded to make a speech that took up another six pages. I think we should have an opportunity at this time to discuss the income tax resolution in a general way rather than proceeding to discuss the paragraphs seriatim. After the dinner recess on the occasion to which I have referred there was discussion of the sales tax and the excise tax. The hon. member for Eglinton at that time discussed such matters as the excise tax on furniture and shoes. He said that members of the house should rise in angry indignation against a government that would dare to maintain a 10 per cent sales tax on shoes and furniture and yet the tax is now 11 per cent. I think we should be granted the same privilege as the chairman of the committee at that time granted the hon. member for Eglinton.

The Deputy Chairman: Do I understand it is the wish of the committee to discuss the resolution as one resolution and pass it as one resolution?

Mr. Fleming (Eglinton): I think it would be the wish of the committee to have an orderly discussion and the subject matters of the 12 respective paragraphs of this resolution vary quite widely. Unless we arrange to call each paragraph separately as has been done in other years, I think we are going to have a very discursive, mixed up and unsatisfactory discussion.

One hon. member opposite, at any rate, indicated that he wished to say something in general. He then proceeded not to talk about the Income Tax Act at all but about the sales tax which has nothing whatever to do with the Income Tax Act. We are not back to the budget debate. Anything that is relevant to any of the paragraphs of the resolution can be said, of course, with respect to each of them, but this is not a warrant for talking about the sales tax.

Mr. Pickersgill: Since this is one resolution, I think it would be our wish to have a certain amount of discussion about the whole resolution and I think we would be quite agreeable after that discussion to follow the suggestion of the Minister of Finance that each item should be taken seriatim. This is a single resolution and under the rules, therefore, we have a right to discuss it as a whole. We would like to do that for some little time at the beginning.

Mr. Martin (Essex East): Mr. Chairman, when the minister introduced his so-called baby budget shortly before Christmas the only reference he made to the most important domestic problem in our country, namely, unemployment, was when he indicated that he proposed to provide for the application of the concept of double depreciation to what he called chronically unemployed areas. Since that bare announcement some two and one half months ago there have been persistent interrogations from the Liberal opposition addressed to the Minister of Finance, the Minister of Labour, the Minister of Trade and Commerce and the Prime Minister as to when we might expect a more detailed statement about this proposed policy.

When the policy was announced there was some expectancy in the country that this kind of relief, if embodied in a real plan, might provide some mitigation in certain surplus employment areas, and thereby give these areas some relief from the serious problem of unemployment that attended them and has attended them since this government came into office. However, in spite of our interrogations of the ministry from time to time we were never able to ascertain which department of government was responsible for the administration of this policy. We also were not able to ascertain what kind of criteria would be invoked by the government to determine which areas could qualify for the beneficial consequences of the policy which the Minister of Finance announced before Christmas.

Not only were we unable to elicit any information but we were led to believe by the Minister of Finance that there could be no announcement of the details of the policy designed to meet the serious emergency of unemployment until such time as the budget resolutions had been disposed of in this house.

Mr. Fleming (Eglinton): No.

Mr. Martin (Essex East): That is what the Minister of Finance told the hon. member for Laurier early in the month of January.

Mr. Fleming (Eglinton): Will the hon. member please direct his attention to the words I used. I said, until the house had passed upon them. I referred to the adoption of the main motion to resolve the house into committee of ways and means. I did not at any time say until after the resolutions had been adopted in committee of ways and means.

Mr. Martin (Essex East): The Minister of Finance is entitled to his interpretation of his own words and I am entitled to place my interpretation upon them. The record is clear. He indicated to the hon. member for Laurier early in the month of January that it was not possible to announce the number of areas that were going to be included in this plan for assisting the chronically unemployed sections of the country until such time as the budget resolutions had been passed. The minister also told the hon. member for Laurier that a member with his experience should know that was the case. He was naturally assuming that there was no provision in the existing law which would prevent any other course being followed than that outlined in the response of the Minister of Finance.

However, as the hon. member for Kenora-Rainy River pointed out a few days later, we had been misled by the Minister of Finance. I shall be kind to the minister and say that he likely forgot the provision in the existing Income Tax Act, which enables the executive to make a decision to provide for the application of added depreciation, if such decision is taken by the governor general in council. There can be no justification, in the face of this situation, for the long delay we have had at the hands of this government in giving to the house and the country even a semblance of the criteria, which the government intends to invoke in the application of this proposal for double depreciation. As a matter of fact, we are not even now acquainted with the facts as to whether or not the government has acquired for itself, pursuant to the Income Tax Act, the necessary power to implement the vague announcement made today by the Minister of Labour.

On orders of the day this afternoon we sought to ascertain from the Minister of Finance whether or not an order in council has been passed which would permit the implementation of this new policy of the government which, by the way, is intended to operate not for a period of years but for one year only. The Minister of Finance, for reasons best known to him, refused to say positively today whether or not the cabinet had in fact acted in the matter.

Mr. Fleming (Eglinton): I did not do any such thing.

Mr. Martin (Essex East): We have the anomalous position of a reluctant Minister of Finance seeming to be unwilling to disclose whether or not the government had, after two and a half months, acted in this matter.

The announcement made by the Minister of Labour today, welcome as it is and to the extent that it goes, has not been clothed with any legal authority whatever in so far as this committee knows. Undoubtedly the governor in council could meet tonight, or perhaps it did meet between orders of the day this afternoon and this period tonight, and could have taken the necessary steps pursuant to the Income Tax Act, to acquire the necessary power to authorize the Minister of Finance or the Minister of Labour, who apparently now is being charged with responsibility in this matter, to implement the program announced a long time ago.

Why the government has waited so long to implement what, at least in principle, is a constructive approach to the solution in part of the problem of unemployment is difficult to understand. One can only suggest it is because this government is used to postponing decisions and to delaying action, and has once again forgotten the assurances that it gave not only to parliament but to the people of Canada in the budget which was introduced by the Minister of Finance shortly before Christmas. The fact is that this program will be implemented long after the event, although we were called here in November to deal with certain emergency legislation, designed mainly to deal with the problem of unemployment in the long term along with this scheme which is designed to deal with unemployment forthwith.

The fact is that this government did dedicate itself to the solution of the unemployment problem when it appealed to the people in 1958, but it has waited over 2½ months before announcing the details of a plan that would give to municipalities and to corporations some indication of the kind of relief which the government intended. The government, therefore, stands indicted by these delaying tactics, this laissez-faire attitude and this lackadaisical manner in whcih it has

approached the problem of unemployment in our country. One can only compare this anaemic approach to this serious domestic problem with the attitude taken by the government of the United States. That government has not hesitated to state the character of the problem. It has not hesitated, through its chief executive, to lay before congress proposals which are designed to meet this problem.

Mr. Grafftey: Half of which we have already carried out.

Mr. Martin (Essex East): One method which the United States proposed was the application of this principle of double depreciation for the assistance of what are called in that country, unashamedly, distressed areas. In this country the Minister of Finance takes exception to our referring to these surplus areas of unemployment as "distressed areas". He calls them chronically unemployed areas. I do not know what difference there is between a chronically unemployed area and a distressed or depressed area. The fact is that, in the chronically unemployed areas and in the distressed or depressed areas, we have the picture of thousands of men and women out of work.

Many of those who are out of work are in a very unhappy position because they have exhausted their unemployment insurance benefits and their right to supplementary payments under the Unemployment Insurance Act. They stand in need of assistance to the extent that it is provided by the municipalities, the provinces and this government under the public assistance program that stands on our statute books.

Let us compare the situation in the United States in this particular with the situation that we have today as a result of the vague announcement made under duress by the Minister of Labour. First of all, the Minister of Labour has announced that assistance will be given under certain criteria, and that areas will be divided into two groups, those with a labour force of more than 10,000 and those with less. Areas with a labour force above 10,000 must have been classified as labour surplus areas for 75 per cent of the 48 summer months, that is from May to October, between 1953 and 1960. I call the attention of the house to those years. They must also show a decline in industrial employment during this period. Those areas with a labour force below 10,000 must have been classified as labour surplus areas by the Department of Labour for half of the summer months between 1953 and 1960, and these areas must also show a general depreciation in employment.

[Mr. Martin (Essex East).]

The areas involved may either correspond to areas served by a national employment service office, or with the boundaries of a municipality. But we have this mere outline, which the Minister of Labour was content to accept as criteria and which was hastily devised, because yesterday we learned for the first time, from the Prime Minister which department of government was going to be responsible for this matter. It will not be forgotten that last Thursday we asked the Minister of Finance who was going to be responsible and we got from him a characteristic reply that revealed nothing. Then the Minister of Trade and Commerce disclaimed any responsibility, although this kind of program in the United States and in Great Britain is carried out under the administration respectively of the secretary of state for commerce in the United States and the president of the board of trade in Great Britain. We learned yesterday from the Prime Minister that the responsibility was going to lie with the Minister of Labour.

From the conduct of the ministry during these last few days under our interrogations I suggest that it was not clear under which department the responsibility for this matter would come. It is clear from the conduct of the ministers that the Minister of Trade and Commerce was to be charged with part of the responsibility. But, because of the reply given yesterday by the Prime Minister when I asked him which minister was to be in charge and he replied the Minister of Labour, it obviously became necessary for subordinate ministers to foregather and decide either in cabinet or among themselves, that the Prime Minister could not be let down, and that the responsibility in fact must now be entrusted to the overworked, overburdened, over-concerned Minister of Labour.

That is the situation. It is no wonder then that we learned from him today details so vague in character as to convey no real information to anyone in this country in regard as to what are the real criteria. The fact that the government has not adopted the criteria being used in the United States or in Great Britain is, of course, of no real concern apparently to the government. The government today in its announcement did not indicate what areas or what communities of the country could possibly benefit from this program. The Minister of Labour charged with this responsibility, sitting now on the treasury benches, when confronted with this situation said: "I ask the member for Essex East to say now whether or not the city of Windsor is to be designated as a distressed area," as though that was my responsibility, and as though I had concocted

this weak infant, this new instrument by which the government hopes to combat the problem of unemployment in Canada.

I have no hesitation in saying that Windsor certainly is an area which should receive at the hands of this government the benefits of any kind of program that will encourage industry to stay in the community, and will encourage industry to locate in that area in the hope of mitigating the problem which only now the Minister of Finance is beginning to recognize as really existent in this country at this time.

An hon. Member: The Minister of Finance?

Mr. Martin (Essex East): I did not mean to say the Minister of Finance. I must not put too many responsibilities on the Minister of Finance whose burdens now are obviously more than he can bear.

The Minister of Labour today in announcing this program refused to indicate what communities in Canada could in the opinion of the authors of this plan benefit from it. He would not tell us how many communities were covered. That was something that could be determined by hon. members opposite. That was something that could be determined by the member of parliament for Essex East himself, in so far as his own community was concerned. But to let municipalities in Canada know what the government proposes to do for them, that was not the responsibility of the government of Canada. He said in effect, let the municipalities themselves examine this proposal which I make; let them examine the criteria, and if they think that their situation comes within the embrace of our criteria then they can make application. That was an unfortunate attitude for the Minister of Labour to take in the face of this serious problem.

I say to the government that the responsibility which is on it to designate forthrightly the areas in Canada that it regards as coming within the category of a chronically unemployed or distressed area is one that should be recognized by it immediately. Let it say positively that Elliot Lake, Springhill, Cornwall, Peterborough, Windsor and other communities in Canada are areas which fall within the criteria instead of leaving this to surmise and guesswork. Our municipal officials are going to have a great deal of difficulty in analysing what this statement really means unless they are now going to be assisted by the research that the Liberal party has done in trying to interpret for the Minister of Labour what in fact his resolution really means.

It would seem from what the Minister of Labour said today that some 11 communities in Canada may possibly come within the reach of this proposal for a system of depreciation. The minister has referred to Elliot Lake. I doubt whether, under the formula as he gave it to the house, Elliot Lake, ably represented in this house by the Leader of the Opposition, could properly qualify. No one I am sure will deny that the unemployment problem in Elliot Lake is such that it should be one of the communities in our country to benefit from this kind of proposal, which is very limited because it is to be extended only for one year.

The areas which, according to my interpretation, fall in this category—and I give this information for the benefit of these communities in Canada because the Minister of Labour refused to do so—seem to be Brantford, where the percentage of unemployed in the required period is 90.5 on the basis of the last available figure for 1959; Windsor, with 80.9 per cent; Rouyn, Val d'Or, with 76.2 per cent; Shawinigan, with 90.5 per cent; Cornwall, with 80.9 per cent; New Glasgow with 80.9 per cent; Lac St. Jean, with 76.2 per cent; Three Rivers, with 90.5 per cent; and Saint John, New Brunswick with 88.1 per cent. Then referring to the minor areas—two in number—they are Newcastle, with 85.7 per cent unemployed and Drummondville, with 78.6 per cent. That list of names does not include Springhill and does not include Elliot Lake.

I suggest to the Minister of Labour that if he carefully analyses what was prepared for him, he will find that the two examples he gave of communities capable of qualifying for this assistance are communities that will be denied this assistance under the very plan which he announced to the house today.

Have we not reached a sad state in this country, when the government, through the Minister of Labour, in the announcement of a plan has been reluctant to say which communities in Canada can in its judgment qualify for this assistance? That is exactly the position we have had portrayed today by the very limited announcement made by the Minister of Labour. The minister is in the best position to give us this information. The unemployment insurance offices in Canada are administered by the Minister of Labour through the unemployment insurance commission. He is the minister, above all ministers, who has the information which alone determines whether or not a particular area comes within the compass of this particular proposal and is to receive the benefit of the double depreciation allowance.

It is difficult to understand why the minister is reluctant to give this information, except that it is in keeping with the attitude of this government from whom we have had to extricate information as though we were pulling teeth from the strongest jawbone of the strongest organism known to man. We have had to do that in order to elicit the kind of information which we feel the people who are suffering from unemployment in our country are entitled to have.

When one examines this particular proposal of the Minister of Labour, one finds certain conditions that perhaps require a great deal of explanation by the minister, and I hope he will give that explanation tonight. Let us examine the proposition of these two categories. First, areas of 10,000 or more. The ratio of applications for employment on file with the national employment service of paid workers, including those looking for work, according to this plan must have exceeded (a) 6 per cent in industrial areas of 25,000 or more for 75 per cent or more of the 48 months from May to October, 1953-60; and (b) 7 per cent in areas below 25,000 and above 10,000 for 75 per cent or more of the 48 months from May to October, 1953-60. Second, industrial employment must have declined over the period 1953-60.

I would like to remind the committee of one thing at this juncture. The basis for the figures, according to the Minister of Labour, that are going to be used is not the dominion bureau of statistics' figures but the figures of the national employment service. For two and a half years we have argued in this house that the real measure of unemployment was something approximating the number of people in receipt of unemployment insurance and the number of unplaced applicants; that is, the N.E.S. figures. The government has said that these were the wrong standards to use. We were told at the end of last session that the government was going to resort to a new formula. We were later told, before we reconvened in November, that the new standard of measurement of unemployment in Canada was to be one standard, the dominion bureau of statistics' figures.

Yet in the announcement made by the Minister of Labour today, he used the N.E.S. figures, thereby upholding and confirming the position which we in the Liberal party have maintained throughout the last two and a half years. If it is satisfactory to use the N.E.S. figures now, why is it not satisfactory to use those figures along with the unemployment insurance figures to determine the real state of unemployment in our country?

On the basis of the D.B.S. figures we are told by the government that some 693,000 people in the month of January, the last reported period, were out of work. If we are to add to that the numbers included in the standard used by the minister in his statement today, we would certainly be presented with a much higher figure.

With regard to areas below 10,000, the ratio of applications for unemployment on file with N.E.S. of paid workers, including those looking for work, according to the minister as I interpret it, must have exceeded 7 per cent for 50 per cent or more of the 48 summer months May to October, 1953-60. Industrial employment conditions likewise must have generally deteriorated over the years.

This is not the whole story. The minister has said nothing about the major agricultural areas of our country, where unemployment exists in very large numbers. According to his announcement today, agricultural areas are not included—

The Deputy Chairman: Order. I am sorry to advise the hon. member that his time has expired.

Mr. Fisher: Mr. Chairman, I begin my remarks with an apology. Unfortunately we have not the services of the "Martin B.S." and we have not the statistics in relation to what communities or areas are going to come under this emergency legislation. But I must say I was disappointed, while listening to the hon. member for Essex East, to find that the Port Arthur-Fort William region does not seem to qualify for this particular type of assistance.

To talk about the Port Arthur-Fort William region may seem parochial at this particular stage, but I think what is taking place there in so far as concerns unemployment, and the structural developments in the whole employment picture, is typical of other places in Canada and certainly implies a very strong criticism of these proposals not unlike that made by the hon. member for Essex East. Whether or not we are a distressed area, the communities, including the two municipalities of Port Arthur and Fort William, have undertaken an employment survey of their own, supported by their own funds, and using local people. They had the advantage, through the kindness of the Minister of Labour, of the advice of Department of Labour economists. They are in the middle of a study of our employment situation.

In several months' time they will have a report analysing why our unemployment has skyrocketed very much in the last three years. It seems to me that the basis upon which the Minister of Finance and the Minister of Labour are approaching this matter of what is a distressed area or an area that is going to receive the advantage of these taxation allowances is a most unfair one.

I can explain that best by analysing the unemployment structure in our particular area, which has been of a very high level especially since 1956. We have a very high income level in the region of northwestern Ontario. I think it is one of the highest in Canada. But we have also had an increase in the last three or four years of a very marked unemployment problem. The reasons for this relate to the very nature of the industries.

We have three basic industries, transportation, pulp and paper and mining. I do not know of three industries anywhere else in the nation in which there has been more capital input, more productive gain and the creation of fewer job opportunities. I can give illustrations of this in the pulp and paper industry, where they can now cut twice as much wood as they could ten years ago, with the same labour force. Yet the full effects of all the mechanization in the woods and in the pulp mills, all the dieselization on the railways and the modern loading facilities at elevators, and all the improvements in mine machinery and techniques that have made it much easier to get a ton of ore up from the bottom of the mine, are only now really crystallizing and having their effects.

Our crisis has come upon us very suddenly. It was masked to quite an extent by the expansion in the last few years of the service industries. We have now just about as many bowling alleys, motels, barber shops and service centres as can be supported at this time by our basic industries. Yet if you are going to base this assistance through the tax act and tax concessions upon a look into the past back to 1953, you are not going to get a true picture of the crisis which our area faces. In other words, the whole of this legislation is based on a statistical look backwards to 1953.

It is apparent that the department is thinking in the terms that it is summer unemployment which gives you the real indication of the danger to a community. I insist that is wrong, and one of the reasons it is wrong in areas such as ours is that in the last five years there has been a complete transition in our employment pattern. Where once most of the wood was cut in wintertime, now it is cut in the summer and fall months. That transition would not be noticed at all by the statistical pattern that is going to be invoked in relation to this kind of assistance.

The Minister of Finance himself when he introduced in his budget speech pointed out the limitation on what you could do through these depreciation allowances. It still remains to me to point out that he has scuppered the whole project by the way in which it is going to be applied. I insist just as strongly as the hon. member for Essex East representing Windsor may do that we have a crucial situation at the head of the lakes. If ever there was an area which needed assistance in terms of any kind of allowance for depreciation, it is ours and yet that fact is never going to be revealed from the statistical analysis which is necessary.

There is one other point I want to make clear. I fail to see what the federal government is doing in asking municipalities to deal directly with it and to inform it of their situation. What kind of an informal relationship is this when we have the traditional pattern in Canada of the municipalities, if not being the creatures of the provinces, at least in all their relationships with the federal government going up through the provinces. Surely that is the chain.

I cannot myself understand where the provinces fit into this picture. I know that Premier Frost, despite his political party, has a better understanding of our problems in northwestern Ontario than this government seems to have. He knows we have a crisis up there. He knows what has happened to industries of ours such as the Port Arthur shipyards and the Canada Car factories at Fort William. I doubt if we shall ever build another ship in the Port Arthur shipyards on a commercial basis in view of the changes which have taken place in the conditions of shipbuilding in this country and in the world generally. Yet it is apparent that this government has forgotten those promises, despite the kind words it gave us two years ago through the Minister of Public Works when he was so sympathetic, and so anxious that our big Canada Car plant should carry on. Here we have a huge plant which is now down to a level where 200 men are working in it though it has a capacity in terms of space and equipment to employ several thousand. We have a shipyard which has been working at a capacity of between 20 per cent and 25 per cent. Surely these are the very kind of industries which need this assistance; yet what hope is there under the formula we have had today?

I cannot claim to have understood the formula fully. There may be some loopholes which would enable us to sneak in, but I should like to suggest to the Minister of Finance that on the surface, on a quick interpretation, these concessions are not going to do my part of the country a single bit of good. I hope there are a good many members of parliament irrespective of party who recognize the same thing with regard to these income tax changes and who will get up and inform the Minister of Labour that this is not good enough.

There is one section of the income tax change which is extremely welcome. I must compliment the minister for broadening this provision since he made his initial presentation with relation to education allowances. I should like to know from him whether nurses are included under his heading of technical education in regard to post-secretary school training. That is not clear to me. Certainly where nurses have had a grade 12 education, generally matriculation is considered the completion of secondary level. In many parts of Canada they go on and train on a full-time basis for three years. It costs their parents in many cases a great deal of money even though there has been a trend to paying them a small amount of money as spending money. I think we would be very much indebted to the minister if he would indicate that nurses qualify for this particular provision.

Mr. Fleming (Eglinton): Perhaps I may deal with that question now though we shall be considering it when paragraph 12 is before us later. I should think that nurses attending a nursing school on a full-time basis where the course is open only to graduates of a secondary school would qualify.

Mr. Fisher: I am very pleased to hear that. There is one other thing which is not a matter of interpretation and I think it is regrettable. I am noticing that many of the witnesses who are appearing before the Senate committee on manpower are stressing the need for people after they complete their normal education to carry on with their own development themselves. It has always been the attitude of the income tax authorities that this post-graduate training that they do in part time and spare time increases their capacity or ability to earn more revenue, so the expenses they incur in acquiring this education have never been recognized as deductible for tax purposes.

I wonder whether the minister has not considered that he could give a fillip to both summer training and academic, technical and vocational training of many kinds if he were to provide that seriously undertaken part time training for a graduate degree or for extra vocational training of a journeyman kind could be considered for deduction. It seems to me this is one of the incentives which we could give to a great many people in Canada to improve their talents or improve the position and the ability of the whole labour force of Canada.

The more complex parts of the income tax amendments are beyond my capacity to criticize or to make any suggestions about, but I would reiterate to the minister that it is most disappointing that the indication in the statement we have had today from the Minister of Labour is that this is going to do so little for so many parts of the country which know they are in a crisis situation in so far as unemployment is concerned.

Mr. Fleming (Eglinton): The hon. member for Essex East had a very free rein earlier this evening and enjoyed it. It is only right that after he had enjoyed that free rein an hon. member of the C.C.F. opposition should have a similar opportunity to discuss the same question. I think it is quite apparent, Mr. Chairman, that the subject which the hon. member for Essex East chose as the subject of his discourse tonight is quite outside the scope of discussion here.

The suggestion was made by the hon. member for Bonavista-Twillingate that hon. members should be permitted to discuss the resolution generally. I had suggested that we should deal with the paragraphs of the resolution seriatim, but his suggestion was that there should be some opportunity for a general discussion.

Mr. Chairman, nobody took any objection to that course but the subject chosen by the hon. member for Essex East for his discourse is quite outside the scope of the resolution. The hon. member himself reminded us of that. The resolution proposes certain amendments to the Income Tax Act and in the light of this general discussion I take it that anything that relates generally to the proposed amendments, I suppose, is the sort of thing the hon. member for Bonavista-Twillingate had in mind; but this subject lies completely outside the scope of this resolution.

The hon. member is talking about something that he says was done or something that he feels should have been done by executive action, quite outside the scope of these amendments, under other provisions of the Income Tax Act.

We have the hon. member's speech and we have had part of a speech by an hon. member of the C.C.F. opposition on the same subject. May I respectfully suggest that we resume our discussion on the resolution to amend the Income Tax Act.

Mr. Pickersgill: Mr. Chairman, on the point of order that has now been raised by the Minister of Finance, the minister will recall and if Your Honour were in the house Your Honour also will recall that only as late as this afternoon on the orders of the day my friend the hon. member for Kenora-Rainy River inquired whether under a certain section of the Income Tax Act an order in council had been passed to implement the policy announced in the budget. The minister preferred not to take us into his confidence on

that point presumably because there has been no such order in council, or at least we are entitled to assume that until we are advised to the contrary, and are told that an order in council has been passed.

Anyone who examines the budget speech will see at once—and I do not need to take up the time of the committee to read it—that one of the main features of the income tax changes announced by the Minister of Finance in the budget was this change to allow double depreciation.

Until the government condescends to tell us, as it has not yet seen fit to do, we have no means of knowing whether the government proposes to do that by a new and specific enactment or whether it proposes to take advantage of some of the sections of the present Income Tax Act and do it by order in council. The government has not yet condescended to say how this is going to be carried out. Therefore, until we are told specifically how the government does intend to do that, we have every right to assume that in some way in these income tax resolutions—perhaps some hidden way, in some obscure language that has not yet been explained to us—there is a provision which would carry out this intention of the government.

Since this was part of the income tax change suggested in the budget and since these resolutions are the only matters before the committee at the present time to carry out these changes in the income tax announced by the minister in the budget, I submit that it is perfectly proper for a discussion to take place on these resolutions as to how these things are to be brought about and whether the scheme for carrying out what the minister proposed, which was announced to us today on the orders of the day, is or is not an adequate scheme.

We have never yet been told on what legal basis this double depreciation is going to be extended. In view of all these circumstances, it seems to me this is the only possible place for this matter to be debated under our rules at the present time and that we are perfectly entitled to debate it and even to urge that the government should not take so drastic a step as this by order in council but that it should make a specific and well-defined legislative provision for it.

That seems to me to be all the more at issue when we are told that in some mysterious fashion the municipalities which in the budget we were not told were to have anything to do with this are being brought into it in some fashion. We want to know what is the legal basis for bringing in the municipalities.

Mr. Fleming (Eglinton): Mr. Chairman, may I say this. The hon. member does not need to be told that, whatever may be the proper legal source of the power which has been exercised by the governor in council as was announced today by my colleague the Minister of Labour, the fact is that there is no proposal before the committee for enactment of an amendment to the Income Tax Act dealing with this matter. That is the only matter before the committee at this time.

Accordingly, while there may be a proper time for the kind of discussion the hon. member for Essex East sought to initiate tonight, this obviously is not that time or place.

Mr. Martin (Essex East): Mr. Chairman, may I add my feeble voice to that of the hon. member for Bonavista-Twillingate who, I believe, has stated the situation correctly.

It is true that in so far as we know, although there may be something in the resolutions before us that is an authority not apparent, and although there is nothing directly bearing on this point in these resolutions, the fact is that the announcement made by the Minister of Labour today follows an announcement made by the Minister of Finance in his budget speech, particularly in those passages to be found at page 1007 of *Hansard* for December 20, 1960.

At that time the minister indicated that the Income Tax Act already allows a rapid rate of write-off for current capital expenditures in the field of research. The minister made reference to this fact to support his announcement that had to do with his observation which will be found also at page 1007 when he said that the purpose of this new program, namely the double depreciation program was to:

> —attempt to cope with this problem—
>
> The problem of unemployment—
>
> —in the most effective way by encouraging new industries to establish themselves and provide additional employment in such areas.

When we asked the Minister of Finance in January what the details of this plan were he told us, as I have already recounted, that this would be given the house by him during the course of the discussion on the budget resolutions.

Mr. Fleming (Eglinton): No, the minister did not say any such thing.

Mr. Martin (Essex East): Knowing the Minister of Finance who has the enviable capacity—

Mr. Fleming (Eglinton): The minister said no such thing. Will the hon. member produce the statement in *Hansard* to which he refers? I invite the hon. gentleman to do that.

Mr. Martin (Essex East): I cannot look it up when I am talking. Perhaps the Leader of the Opposition or the hon. member for Bonavista-Twillingate will look it up. I have done a certain amount of research. It would be difficult for me to follow all the pearls of wisdom uttered by the Minister of Finance and if I cannot readily put my hands on it the minister will understand it is only because I have to be somewhat selective when I come to dealing with his observations in this chamber.

The fact is that that was the position taken by the Minister of Finance as I well recall it. The minister now says we are not to be given the opportunity of discussing the announcement that arises out of an income tax provision, an announcement made today by the Minister of Labour.

If that position could be properly taken and supported by the Chair—and that I gravely doubt, knowing the high quality of judgment that the Chair possesses—we would be denied the opportunity of discussing this matter for some time. There would be no opportunity to ask questions except on orders of the day; and you know, Mr. Chairman, that when we ask questions we sometimes have great difficulty in being heard and in putting our questions, and we do not always receive the kind of complete replies to which we are entitled.

That being the case, we are certainly entitled to ask ourselves: are we not going to have an opportunity to discuss this important matter? This was part of the budget of my hon. friend. What we are discussing now is not a proposal of the Department of Labour but part of the new budget. We are now told by the Minister of Finance that although this is part of the new budget we cannot discuss it when we are discussing the budgetary resolutions, particularly those having to do with income tax amendments. That is the gist of the position taken by the Minister of Finance. The Minister of Finance not only should not seek to deny this discussion but should address himself at once to the question again put by the hon. member for Bonavista-Twillingate: was an order in council passed? If an order in council was passed, it would have been passed under the Income Tax Act, amendments to which we are now considering. I submit, Mr. Chairman, that to deny us this right now would be to deny hon. members an opportunity of discussing under our procedures something that is of vital interest and is perhaps one of the most vital subjects that we have had the opportunity of discussing since this session began.

[Mr. Fleming (Eglinton).]

The minister brought forward no authorities for his position. He is obviously embarrassed by this particular debate. He speaks in a low tone and thereby seeks to enshroud his words in an atmosphere of authority, but he produces no authority. I suggest that this discussion is perfectly in order and that we ought to be allowed to proceed with it.

Mr. Pearson: On the point of order, Mr. Chairman, the minister is taking the position that the regulations regarding the designation of areas of surplus unemployment brought in at last this afternoon by the Minister of Labour—regulations that we consider to be limited, restrictive and inadequate—have nothing to do with the budget resolution before the committee and that therefore we are not at liberty to discuss this matter. But, Mr. Chairman, as found on page 1065 of *Hansard*, when the hon. member for Laurier asked the minister on January 16 if he could indicate to the house the areas of the country where unemployment was high, to which areas he promised measures of assistance in his budget speech, the reply to that question by the minister was that in deference to constitutional practice the house would expect that the budget proposals would be adopted before this designation could be made.

Mr. Fleming (Eglinton): Go on.

Mr. Pearson: What the minister said was:

> —would be adopted at least in general before the government proceeded on that course that was proposed in the budget speech.

Therefore the minister himself admitted that there was a relationship between this matter and the discussion of the budget resolutions and that he himself could not give us the information required until we had adopted the budget resolutions covering that as well as other points. Surely, Mr. Chairman, now that these budget resolutions are before the committee for consideration, we are entitled to discuss this matter of the designation of certain areas of surplus unemployment in relation to these resolutions.

The Deputy Chairman: I think hon. members will realize first of all, of course, that the Chair does not make the rules of the house. The job of the Chair is to try to interpret the rules. When the hon. member for Essex East first rose and started talking about double depreciation I began to read the resolution very carefully and I have read it three times. Up to this point I have not been able to find in the resolution any reference to double depreciation.

I have no other alternative than to suggest to hon. members that they try to be

more relevant to the particular resolution that is before us. We are not debating the budget. We are debating one resolution of the budget. I am sure hon. members will appreciate the position that the Chair has to take and will do what they can to co-operate.

Mr. McMillan: Mr. Chairman, there are three main changes in the budget resolution that have to do with reductions in taxation. First of all there is the proposed reduction in the corporation tax. It is proposed that the 21 per cent or lower rate should apply to the first $35,000 instead of the first $25,000. This will mean that a corporation with a net income of $30,000 will save $1,500 or a corporation with a net income of $35,000 or more will save about $3,000. This is hardly enough to put one man to work and it can hardly be considered a stimulus to the economy.

This afternoon I heard the Minister of Labour talk about double depreciation and, after listening to the formula he put forward, it is my opinion that no greater farce has ever been presented to the House of Commons. I can quite understand that the Minister of Finance is not very much interested in unemployment.

Mr. Woolliams: On a point of order, Mr. Chairman, I thought you had already ruled that this subject was out of order.

Mr. McMillan: He has not ruled that we should not touch on this subject. Either we should deal with unemployment or we should not do so, and I can readily see in this announcement the idea of the minister that there is no emergency with respect to unemployment.

The second change in the Income Tax Act is the elimination of the 4 per cent tax imposed on investment income exceeding $2,500. I can quite readily see that this is a measure to entice people to buy government bonds. Government bonds have been very unpopular with investors, and by removing this tax I think the minister will attain his objective of getting more people to buy his heretofore rather unpopular government bonds.

The third decrease proposed in the resolution amending the Income Tax Act has to do with tuition fees of university students. Any student in full-time attendance at a university will be allowed to deduct his tuition fees when computing his income tax. I think this is a very good measure and I wish to commend the minister for it. In my opinion the minister might also have included in the resolution a provision by which those people who obtain an honorarium for their work in voluntary fire fighting companies might have received some consideration in computing their income tax. In different parts of Ontario—and I think the same is probably true across Canada—a number of small municipalities are having difficulty in getting volunteer firemen and keeping their fire fighting companies up to strength.

The government is so anxious to get more money all the time that it has made a concerted drive with respect to a number of these firemen and is looking into their back pay. I know that in some areas many of these firemen did not report the income they received as an honorarium for their services as volunteer firemen. These men devote their time to their municipalities and I think they should get some consideration. It is only necessary to list some of their duties to establish this point. They are the backbone of fire protection in our small municipalities. The majority are well trained in fire fighting, rescue work, first aid and other work.

The Deputy Chairman: Order. Perhaps the hon. member could indicate to me any reference to firemen and income tax in this resolution.

Mr. McMillan: I might say that earlier, Mr. Chairman, I referred to the fact that on June 25, 1956, the chairman of the committee allowed hon. members to roam all over and at that time the opposition roamed to such an extent that their remarks covered 24 pages. They referred to different classes of people to whom they thought consideration should be extended under the Income Tax Act. After this had gone on for 24 pages and after the hon. member for Greenwood had said that they had gone all over creation, the hon. member for Eglinton rose and made a speech in the same vein that took up six more pages.

The Deputy Chairman: Perhaps the hon. member and I are a little older now than we were then and do not roam so much. I think perhaps the hon. member had better stick to the resolution.

Mr. Pickersgill: Surely, Mr. Chairman, we are not going to have our rights abridged in this committee so that it is not possible for us to say that some persons other than those who are actually getting relief under the Income Tax Act should also be included, particularly in view of the fact that the present Minister of Finance, as the hon. member for Welland has just pointed out, covered pages and pages of *Hansard* doing that precise thing on June 2, 1955. At that time, however, we had a minister of finance who was respectful of the rights of members, who listened politely to what the hon. gentleman said and

replied to his arguments instead of raising points of order. I suggest, sir, that my hon. friend from Welland is suggesting that this particular provision apply to some other class of taxpayers and that certainly is within the ambit of this debate if we are to have any debate at all.

The Deputy Chairman: I think perhaps the hon. member for Welland and I understand each other fairly well. I am sure that he will want to come back to this resolution. He was wandering quite a bit, and I am sure he will realize that.

Mr. McMillan: Mr. Chairman, I should like to make a plea for the firemen. I shall do so very briefly. These firemen are put to a lot of expense as a result of their work in the municipality. They receive only an honorarium of $200 or less. I feel that the Minister of Finance might give them consideration at this time or when he introduces his next budget. I shall not make any further reference to these firemen, but I would appeal to the minister to remember them either at this time or later when he introduces his budget. I hope that will be this month.

The second category of changes relates to the penalty clauses. These penalty clauses are applied in respect of investment companies and in respect of pension plans, when a certain percentage of their income from investments is not derived from sources in Canada. In other words, they do not fare as well under the Income Tax Act unless they invest in Canadian securities. Federal government bonds are considered the No. 1 investment in Canada. Trust funds are usually invested in Canadian government bonds. In this connection, I would remind the Minister of Finance that the unemployment insurance fund is a trust fund, and as a result of poor investments a loss of over $50 million has been suffered in the last three years.

The Deputy Chairman: Order.

Mr. Aiken: Mr. Chairman, on the point of order—

The Deputy Chairman: Order; I think the hon. member realizes that we are not discussing the unemployment insurance fund. We must stick closer to this resolution.

Mr. McMillan: I do not intend to discuss the unemployment insurance fund; except to say this—

The Deputy Chairman: Order; the Chair has been very lenient with the hon. member for Welland. I do not believe he should discuss the unemployment insurance fund.

Mr. McMillan: I will not mention that word again. However, these same people who have lost so much money in that other fund have their money in pension funds; and if the minister, by his policy, can lose so much money in one fund, why can he not lose a lot in another fund? If his fiscal policy is the same as it has been for the last three years, he will cause $50 million loss or more in these pension funds.

The third category of changes is the withholding taxes by which individuals and corporations from abroad have a deduction in their dividends of 15 per cent up from zero and 5 per cent. The minister said this would discourage provinces and municipalities from borrowing abroad. However, when he was in New York he said this measure was not designed to keep out foreign capital. I do not believe it can do both. He says it will not discourage foreign capital from coming into the country, and at the same time he says it will discourage municipalities and provinces from borrowing in New York. I referred to this provision during the budget debate. If the municipalities and the provinces do go to New York to borrow funds this government, in effect, will be taxing them on new construction, new roads, schools and so on. These New York funds will cost the municipalities and the provinces more because they will have to make up the 15 per cent tax on the interest from these bonds.

I should like to see Canadians develop Canada to as great an extent as they can. However, I feel we are overemphasizing the amount of United States capital in Canada. The newspapers lead us to believe that an evil day will arrive when United States capital will be drawn out of Canada. I believe that people forget just how much United States capital in Canada is invested in plant, pipe lines and other immovable assets. I feel this situation has been rather overemphasized.

I hope to ask some questions in committee on certain phases of the Income Tax Act. I am sorry, Mr. Chairman, that I referred to the unemployment insurance fund, but I had to mention it at least once in order to compare it with the pension fund in which the people of this country could lose money if the fiscal policy is conducted in the future as it has been in the past.

Mr. Herridge: I shall, as usual, Mr. Chairman, be brief and strictly in order, the precedent having been set by the hon. member for Welland. First of all, I want to say that I am sure there are numerous small companies that will welcome the first clause in this income tax resolution which provides that the amount of income on which the tax rate of 21 per cent shall apply will be increased from $25,000 to $35,000. I know of a number of small companies, particularly those

operating in the primary industries, that are finding conditions not too easy at the present time. This concession will be welcomed by those companies which will, in some cases, continue to operate under great difficulties and in other cases will try to expand, still under great difficulties.

However, Mr. Chairman, in that connection I may say I have always felt there was a certain academic approach to taxation on the part of ministers of finance and, more particularly, on the part of some of the senior officers. I say that with all respect for their ability and the service they are performing for this country. I understand that the Minister of Finance has had a very distinguished career in the legal profession, but that is very limiting. In some respects, lawyers are excellent people. However, I have found them to be something like preachers in that they are very theoretical. I do suggest it would be a good thing if the minister and some of his senior officials were to visit certain typical small industries in this country because when they are laying out rates of taxation on paper it is often done on the basis of arithmetic and without a great deal of knowledge of the circumstances under which certain of our people operate.

In illustration of this I might say that I know of one small company operating under considerable difficulty with all the risks that are involved in the forestry and lumber industries. There are many that are not seen by the Minister of Finance or on occasion by their senior officials. This company has an investment of close to $100,000 but would realize less profit than a ten by ten stall dispensing coca cola and comic magazines to school children. These different circumstances do exist. I suggest, as I have suggested before, that it would be a good idea, particularly for some of the senior officials, to acquire firsthand knowledge of the circumstances under which certain typical industries in this country operate.

With respect to clause 12 of the income tax resolution, I might say that I was very glad to see the original clause and to know that there has been some amendment widening the basis of this clause. This will be of considerable assistance to those persons with limited financial resources seeking a university education. I would suggest that the minister give consideration to the inclusion of living expenses up to a certain family income limit. I am not suggesting that children of wealthy families should receive this consideration, but certainly those children in families of limited incomes should be given some sort of consideration in this regard. I feel that we should do everything possible to make certain that as many young people as possible obtain university education.

Mr. Chairman, I should like very briefly to refer to the situation in respect to those persons who engage voluntarily in the extinguishing of fires, particularly in small communities. I should like to support the remarks made by the member for Welland in his suggestion that some consideration should be given to those voluntary fire brigade men who receive honorariums for their services as such. Mr. Chairman, in view of your anxiety I shall retreat from this attack.

I want very briefly to mention that the Canadian Medical Association has made representations to the minister with respect to the deduction of expenses for refresher courses. This is not mentioned in this resolution Mr. Chairman. I am bringing this to the attention of the minister for his consideration when he is dealing with the main budget. I feel it is necessary, certainly for rural practitioners, to have the opportunity of taking refresher courses, and it will be realized by all that their incomes differ greatly from the incomes of those who specialize in the cities. I would urge the minister to give consideration to these representations of the Canadian Medical Association when he is dealing with his main budget later this year.

Mr. Pickersgill: I should like to address myself to the first few words in this resolution which are:

> Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

It will be noted that "other things" which the government is recommending are specified, but it does not tell us what the government is in fact recommending. I think there will be very great disappointment in regard to many of these other things. There are one or two other things which I think ought to be included so that it will be possible for us to pass this resolution with expediency.

Instead of relying upon an order in council made in secret I think that the government should amend the Income Tax Act specifically to carry out the intended policy announced by the Minister of Finance on December 20, which appears at 1007 of *Hansard*. His statement contained therein is as follows.

> I fully share this optimism about the capabilities of Canadian industry. I am anxious to do everything within our means to encourage initiative and enterprise. As a powerful incentive to these ends I am pleased to announce measures to fulfil three major purposes: first, to assist new industries in areas where there is a substantial degree of continued unemployment over the years;

I would argue, sir, that there should be specific provisions put into the act by this

parliament at this session to cover that because, as the minister said, it was a major new thing. I contend that a major new thing should be done by parliament and not done, under the colour of some provision already in the Income Tax Act, by order in council. It seems to me that if the minister thought this important enough to include in his budget speech as a new proposal, it should be among the "other things" referred to in the second line of the resolution now before us.

As found at page 1007 of *Hansard*, the minister goes on to say as follows:

> —second, to aid the development of new products from processing operations not hitherto carried on in Canada;

I think there should be a specific provision spelled out so that we in parliament know what this is and have some voice in its condition and some say with regard to how this is to be done instead of its being done in secret by the governor in council. I suggest that this provision should be included in this resolution, and it will not be expedient to pass this resolution, in my opinion, unless that provision is included.

The minister goes on to say:

> —third, to encourage the production of new types of goods. Double depreciation will, at the option of the taxpayer be allowed in respect of capital expenditures incurred in the first year for these purposes, but may be applied in any of the first three years.

I would argue, sir, that it may be possible for the governor in council to do that under existing law, but I suggest that when the existing law was made, the use of the law for this purpose was not contemplated. For that reason and because this is new I regard this as something that should be done by parliament and not by order in council.

We have been told something about how one of these three things was going to be accomplished. I am not going to transgress your ruling, sir, by discussing this but I must say that we were not told by the Minister of Labour under what authority, what law, or what statute the policy announced today was being carried out by the governor in council or by the Minister of Labour. We do not know. We are still in ignorance of this.

I would point out again that on December 20 the Minister of Finance produced this as a new policy. I repeat that it is my opinion that parliament should decide the main lines of that policy not in detail but in a broad sense. These details should be decided by parliament and not by the governor in council. Parliament should decide which are the areas of continued unemployment. It is this parliament that is going to relieve certain taxpayers of burdens that other taxpayers will have. That is something that should be done by parliament here and not by governor in council.

I say that the minister should bring in amendments to this resolution—obviously he cannot argue that this would effect the ways and means because he proposes to do it in any event by order in council—and incorporate them in it so that we as the representatives of the people may have a voice in regard to how these things are done. I would urge the minister to give consideration to the suggestion that the law in respect of these policies be included in this resolution instead of these things being done by order in council or in the cabinet. The law in respect to the policy, to which the government attached so much importance last December, should be dealt with by parliament.

Mr. Martin (Essex East): Mr. Chairman, I think the argument of the hon. member for Bonavista-Twillingate to which we have just listened is one that cannot be passed over lightly by the Minister of Finance. The hon. member for Bonavista-Twillingate argues that the Income Tax Act—I think it is section 11—was never intended to be used in the particular kind of emergency covered by the announcement made today by the Minister of Labour, and that in fact the amendments now before us should include some provision that would deal directly, legislatively, with the authority which the government must have in order to enable it to implement the announcement made in this regard by the minister on December 20 last.

The hon. member for Bonavista-Twillingate further argued that he thought the matter was of such importance that it could very well be dealt with more comprehensively in a measure that went way beyond a mere amendment to the Income Tax Act. I think the minister owes the committee an answer to the very useful observation made by my colleague.

When the minister is replying he might also seek to satisfy our curiosity, already exhibited a number of times today, as to whether or not in fact an order in council under the Income Tax Act has been passed, and if one has not been passed, whether it is the intention of the minister—

Mr. Fleming (Eglinton): Order.

The Deputy Chairman: Order. The hon. member was referring to what might be put into the Income Tax Act. That was quite in order. But I think the hon. member is going a little further than he is entitled to go in asking what has or has not been done in an order in council.

Mr. Martin (Essex East): Mr. Chairman, perhaps I could just put my question, because I do not wish to be out of order.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): I do not know why hon. gentlemen take this matter so lightheartedly.

Mr. Bell (Carleton): Light-heartedly? The hon. gentleman has been out of order all day.

Mr. Martin (Essex East): Is it the intention of the government to deal with this matter, not by the amendments now before the committee but to provide an order in council in the case of each municipality?

The Deputy Chairman: Shall paragraph 1 carry?

Mr. Pickersgill: Mr. Chairman, a most serious suggestion has been put to the minister and surely he is going to have something to say about it.

Mr. Fleming (Eglinton): Mr. Chairman, I can briefly inform the committee that the bill to be introduced following the resolution, when it is adopted, makes no reference to this subject either, so that, as with the resolution, this discussion lies quite outside the ambit of the bill.

It quite clearly follows that the matter is one for executive action within the terms of the existing legislation. That was made abundantly clear this afternoon in the announcement made by my colleague the Minister of Labour. I think the matter is quite clear.

The clauses of the Income Tax Act and the powers thereby conferred upon the executive are precisely the same as those employed by the former government, of which both the hon. member for Essex East and the hon. member for Bonavista-Twillingate were members, when the government applied the rules as to deferred depreciation a decade ago.

Mr. Pickersgill: Mr. Chairman, I was not a member of the government at that time. I would just recall that fact to the hon. gentleman's mind.

Mr. Fleming (Eglinton): The hon. member was not a member of the government, that is true. The hon. member for Essex East was. The hon. member for Bonavista-Twillingate had the opportunity, because I think he will not deny that he was a power within the government.

Mr. Pickersgill: I do deny that. I have never made any pretentions of that character and I never intend to do so. But that is not really very relevant to the business before us.

If one may put it this way, I was shocked but not surprised by the latest observation of the Minister of Finance, who said that the bill to be founded on this resolution contained no reference to these matters. He said "contained", or some verb in the past tense at any rate,—

Mr. Fleming (Eglinton): No, the present tense.

Mr. Pickersgill: —or the present tense. In other words, the minister implied, and indeed said that the bill was already in existence.

Mr. Fleming (Eglinton): Of course it is.

Mr. Pickersgill: The minister makes it worse; he now says, "Of course it is".

Mr. Fleming (Eglinton): The bill is ready to be introduced. It must be ready as far as we can prepare it, and that has always been the practice.

Mr. Pickersgill: Mr. Chairman, I think I have the floor. Here is the minister coming to parliament and asking us to resolve that it is expedient to introduce this measure, and he now tells us that it does not really matter what we do.

Mr. Fleming (Eglinton): I did not say that at all.

Mr. Pickersgill: His conduct in this parliament is such that he has told us the bill is already there and that it does not matter what we do about this resolution, his bill is going to be introduced. In other words, this stage is just a rubber stamp for this arrogant minister whose bill is already in existence. What is this debate about? What is parliament about? If this arrogant government says it has made up its mind already, the bill is there, and we cannot change it, what are we debating? Why do they use this language, that it is expedient to introduce the measure?

This is just another evidence of the way in which this government carries out its policies. It carries out its new policies by secret orders in council based on legislation which was never designed for this purpose. Then when we suggest that certain things should be put into the bill, the introduction of which they tell us they consider to be expedient, they say nothing can be done about it. They say, "It is our bill. It is going to be done that way and it does not matter at all what you in parliament say about it".

An hon. Member: Utter nonsense.

The Deputy Chairman: Shall paragraph 1 carry?

Paragraph agreed to.

On paragraph 2.

Mr. McMillan: Mr. Chairman, I think this paragraph and the next one are penalty paragraphs unless money is invested in Canadian securities. Suppose the amount specified here is not invested in Canadian securities in respect to pension funds and other funds; what tax would then apply?

Mr. Fleming (Eglinton): Mr. Chairman, I think the hon. member is on paragraph 3, and not paragraph 2.

Mr. Pickersgill: Paragraph 2 was carried some time ago.

Mr. Fleming (Eglinton): It was not.

The Deputy Chairman: I think the hon. member intended to ask his question with regard to paragraph 3. Shall paragraph 2 carry?

Paragraph agreed to.

On paragraph 3.

Mr. Fleming (Eglinton): With regard to paragraph 3, there is an amendment. It will be recalled by hon. members that for the convenience of the committee I gave notice of the various amendments on February 2. They are to be found in *Votes and Proceedings* of that day, in the appendix at pages 2 and 3.

There is an amendment to this particular paragraph. I would ask my colleague the Minister of Mines and Technical Surveys if he would move this amendment to paragraph 3.

Mr. Comtois moved that the resolution be amended as follows:

By striking out paragraph 3 thereof and substituting therefor the following:

"3. That for taxation years commencing in 1961 and subsequent taxation years a corporation will qualify as an investment company only if not less than 85 per cent of its gross revenue for the year is from sources in Canada (which percentage is hereinafter referred to as the "sources requirement") and not more than 25 per cent of its gross revenue for the year was from interest (which percentage is hereinafter referred to as the "interest requirement"), except that

(a) where less than 85 per cent but not less than 75 per cent of the gross revenue of the corporation for its taxation year commencing in 1960 was from sources in Canada, the sources requirement for the taxation years of the corporation commencing in 1961 and 1962 shall be read as "75 per cent";

(b) where less than 75 per cent of the gross revenue of the corporation for its taxation year commencing in 1960 was from sources in Canada, the sources requirement for the taxation year of the corporation commencing in 1961 shall be read as "60 per cent" and for the taxation year of the corporation commencing in 1962 shall be read as "75 per cent".

(c) where more than 25 per cent but not more than 30 per cent of the gross revenue of the corporation for its taxation year commencing in 1960 was from interest, the interest requirement for the taxation years of the corporation commencing in 1961 and 1962 shall be read as "30 per cent"; and

(d) where more than 30 per cent of the gross revenue of the corporation for its taxation year commencing in 1960 was from interest, the interest requirement for the taxation year of the corporation commencing in 1961 shall be read as "40 per cent" and for the taxation year of the corporation commencing in 1962 shall be read as "30 per cent"."

The Deputy Chairman: Hon. members have no doubt read this amendment in *Votes and Proceedings*. Shall the amendment carry?

Amendment agreed to.

The Deputy Chairman: Shall paragraph 3, as amended, carry?

Mr. McMillan: Perhaps the minister would now answer my question. What would be the taxation on these funds if they did not meet the requirements under paragraph 3 as amended?

Mr. Fleming (Eglinton): Mr. Chairman, the tax rate at the present time is 21 per cent, consisting of 18 per cent general tax and 3 per cent contribution to the old age security fund. This makes a total of 21 per cent. That is the low rate that is applied to these investment companies.

If they do not qualify for that low rate within the terms of the proposed requirements, then the ordinary general rate would apply.

The Deputy Chairman: Shall paragraph 3, as amended, carry?

Paragraph 3 as amended agreed to.

Paragraphs 4 and 5 agreed to.

On paragraph 6.

Mr. Fleming (Eglinton): On paragraph 6 there is an amendment which appeared in *Votes and Proceedings* and I would ask my colleague the Minister of Mines and Technical Surveys to move this amendment.

Mr. Comtois moved:

That the Income Tax Act resolution be amended by striking out all the words in paragraph 6 thereof following the words "December 20, 1960" where they first appear therein and substituting therefor the following:

"except bonds or other obligations issued after December 20, 1960, for the issue of which arrangements were made on or before that day with a dealer in securities, if the existence of the arrangements for the issue of the bonds or other obligations can be established by evidence in writing given or made on or before that day."

The Deputy Chairman: Is it the pleasure of the committee to pass this amendment?

Some hon. Members: Agreed.

Paragraph as amended agreed to.

On paragraph 7.

Mr. Fleming (Eglinton): On paragraph 7, again there is an amendment of which notice was given in *Votes and Proceedings* of February 2 and I would ask my colleague the Minister of Mines and Technical Surveys to move it.

Mr. Comtois moved:

That the Income Tax Act resolution be amended by striking out subparagraph (b) of paragraph 7 thereof and substituting therefor the following:

"(aa) interest on any obligation where the evidence of indebtedness was issued after December 20, 1960 if the obligation was entered into under an agreement in writing made on or before that day, under which the obligee undertook to advance, on or before a specified day, a specified amount at a specified rate of interest or at a rate of interest to be determined as provided in the agreement, to the extent that such interest is payable

(i) in respect of a period ending not later than the day on or before which the obligation is expressed to be redeemable, if the obligation is expressed to be redeemable on or before a specified day, or

(ii) in respect of a period ending not later than one year after the day the obligation was entered into, if the obligation is not expressed to be redeemable on or before a specified day, and for the purposes of clause (i) hereof an obligation shall be considered to be redeemable on or before the first day on which the obligee is entitled to demand redemption thereof,

(b) interest on any bond, debenture or similar obligation issued after December 20, 1960 for the issue of which arrangements were made on or before that day with a dealer in securities, if the existence of the arrangements for the issue of the bond, debenture or similar obligation can be established by evidence in writing given or made on or before that day, or"

The Deputy Chairman: Is it the pleasure of the committee to adopt the amendment?

Amendment agreed to.

On paragraph 7 as amended.

Mr. Hellyer: Before this clause as amended is carried would the minister care to express an opinion as to whether or not this clause amounts in its effect to another tax on the municipalities and provinces in connection with their borrowing? Reducing the yield to foreign investors would necessarily increase the cost of borrowing to Canadian municipalities and provinces and therefore increase the burden which presently exists due to the high cost of raising money.

Mr. Fleming (Eglinton): My answer to that question is, no. This is not an additional tax on municipalities. It is, however, an increase in the withholding tax as applied to the payment of interest by the municipality to non-resident bond holders in respect of bonds issued after December 20, 1960. I stress the fact that this resolution and the withholding tax thereby proposed have no application whatever to any outstanding obligations of municipalities up to the date of the budget. In this respect the proposal differs from one which Mr. Ilsley brought forward some 20 years ago. He put forward a similar proposal and at that time he proposed to apply it to all outstanding issues as well as to future issues. There was no little flurry over that, and the resolution in its original form was withdrawn by Mr. Ilsley.

This will have no effect whatever on issues outstanding at December 20, 1960. With respect to issues after that date I think the hon. member will agree that it is very much better for municipalities to do the raising of funds by their bond issues in Canada rather than abroad. I am sure the hon. member must share the concern which I have felt and expressed in budget speeches in previous years over the raising by some municipalities and some provinces of loans in the New York market. They were losing on account of the premium on the Canadian dollar sometimes as much as 5 per cent of their borrowing, and in addition to that they were facing on the day of maturity the prospect that the exchange rate might have changed and that they might be confronted with a further loss if the Canadian dollar at that time should be not at a premium but at a discount.

The Canadian market has shown since the budget that it is quite capable of absorbing the issues which have been offered to it. I mentioned recently that in the first six weeks of this new calendar year provincial and municipal bond issues to the amount of $200 million and a federal issue in February of $150 million had been fully absorbed in Canada without the slightest disturbance of interest rates. In this period the market tended to strengthen and there was a slight reduction in the prevailing interest rates, subject, of course, to the usual fluctuations.

So I think the answer which might be given to the questions and observations of the hon. member is, in all the circumstances, a reassuring one.

Mr. Hellyer: I share the minister's concern about Canadian borrowing in New York. I am sure he appreciates the reason why so many municipalities have had to go to New York in the last few years is the chaotic conditions in the Canadian money market which he and his colleagues have created. This has been a source of concern to us all.

I think the minister will also agree on reflection that if these changes which he is now proposing do increase the prices at which municipalities and provinces can borrow money, it is in fact an extra tax or an additional burden which he is placing on the already over-burdened municipalities.

Mr. Fleming (Eglinton): Far from agreeing I must disagree with practically everything the hon. member has said. I think he will know why without my having to repeat what I have said on other occasions.

Paragraph as amended agreed to.

Paragraphs 8 and 9 agreed to.

On paragraph 10.

Mr. Fleming (Eglinton): Mr. Chairman, on paragraph 10 there is an amendment of which notice was given on February 2 and there is an additional amendment as well. This is the only paragraph to which there is an additional amendment, and I shall ask my colleague the Minister of Mines and Technical Surveys to move this new amendment instead of the shorter one of which notice was given on February 2.

Perhaps I might point out that the new amendment embraces the one of which notice was given on February 2, providing for the inclusion of all insurance companies and not simply life insurance companies in the exemption provided. The new amendment contemplates as well extending the exemption to include any corporation which was incorporated before July 1, 1867 for the purpose of carrying on trade in any province or territory now comprised in Canada and which has been carrying on trade in Canada without interruption since that date.

Mr. Comtois moved:

That the Income Tax Act resolution be amended by striking out all that part of paragraph 10 thereof preceding subparagraph (a) and substituting therefor the following:

"That with respect to income earned on and after January 1, 1961 a special 15 per cent tax be imposed on a non-resident corporation carrying on business in Canada, other than a bank, insurance company, transportation company, communications company or a corporation that was incorporated before July 1, 1867 for the purpose of carrying on trade in any province or territory now comprised in Canada and that has been carrying on trade in Canada without interruption since that day, and that the tax be computed by reference to the amount remaining after deducting from its taxable income earned in Canada the aggregate of".

Amendment agreed to.

Paragraph as amended agreed to.

On paragraph 11.

Mr. McMillan: I referred to this as a so-called gimmick by which the minister was able to issue bonds at a discount and give wealthy people in the past a very high rate of interest indeed.

This year in his baby budget the minister said he found the provinces were doing the same thing as he was doing and he proposed to stop it. I think this has been a very bad practice on the part of the Minister of Finance in the past and I should like to ask him if this will apply to federal bonds in future as well as to provincial issues. In the past I have called the attention of the minister to the fact that a bond sold at a discount for just one year would return a high interest rate, but he would go back and give us examples of bonds sold, say, at 97 over ten years so that the appreciation of that bond would only be $3 a year whereas the appreciation in a bond sold at 97 to mature in one year would be $30 on a thousand dollar bond. I think the minister, unwittingly or not, has misled the committee. It is one thing to talk about a bond appreciating up to its face value in one year and it is quite another thing to compare it with one that has appreciated in ten years. That is what the minister has done. That is the way the hon. gentleman has answered me in the past and I think he has been wrong.

Mr. Fleming (Eglinton): Mr. Chairman, the answer is that this requirement will apply to all bonds whether issued by the federal government or by any other level of government.

I think I must correct the impression left by the words of the hon. member and tell him that out of all the federal bond issues in the last three years and eight months there is only one to which this resolution would have applied. There have been some extreme cases with respect to provincial and municipal bond issues that have led to the introduction of this proposal.

Paragraph agreed to.

On paragraph 12.

Mr. Fleming (Eglinton): Mr. Chairman, on paragraph 12 there is an amendment of which notice was given on February 2. Again I would ask my colleague the Minister of Mines and Technical Surveys if he would move the amendment.

Mr. Comtois: Mr. Chairman, I move that the Income Tax Act resolution be amended by striking out paragraph 12 thereof and substituting therefor for the following:

"12. That for the 1961 and subsequent taxation years a student in full-time attendance at a university in a course leading to a degree, or in full-time attendance at a college or other educational institution in Canada in a course at a post-secondary school level, be permitted to deduct in computing his income for the year, fees for his tuition paid to the university, college or other educational institution in respect of a period not exceeding 12 months commencing in the year and not included in the calculation of a deduction for such fees for a previous year (except any such fees paid in respect of a course that did not require his full-time attendance for a period of at least three consecutive months), and that the said tuition fees also be deducted in computing the income of the student for purposes of determining whether the student is a dependent."

The Deputy Chairman: Hon. members have had notice of the amendment. Shall the amendment carry?

Mr. Pickersgill: Before it carries, Mr. Chairman, I wish the minister would explain precisely how this clause as amended will work.

Mr. Fleming (Eglinton): Mr. Chairman, it will be remembered that the proposal in its original form dealt with the case of the student in full-time attendance at a university in a course leading to a degree and in that case the amendment proposed would have permitted him in computing his income to deduct the tuition fees paid by him in the year to the university and also that the tuition fees should be deducted in computing the income of a student for the purpose of determining whether or not he was a dependent. That matter, of course, affected the question whether his parents are entitled to the $500 deduction in the case of dependents 16 years of age or over.

Mr. Martin (Essex East): The year does not run from September, does it?

Mr. Fleming (Eglinton): The year in question in the original resolution applied to the year 1961. The purpose of the amendment has been to widen very considerably the scope of the original proposal.

In the first place, as to the number of students who will qualify within the scope of the amendment, this definition is now broadened to include students whether in a university in a course leading to a degree or students in full-time attendance at a college or other educational institution in Canada in a course at a post-secondary school level. That is the enlargement of the class which will be benefited by the resolution.

The resolution is also broadened with respect to the application of the principle. Where in the original resolution the effect dated from January 1, 1961 and applied only to tuition fees paid on or after that date, the amendment now contemplates the inclusion in the scope of the amendment of tuition fees paid for a period not exceeding 12 months commencing in the year and not included in the calculation of a deduction for such fees for a previous year, except any such fees paid in respect of a course that did not require full-time attendance for a period of at least three consecutive months. I believe those are the leading elements in the broadening of the benefits of this proposed amendment.

Mr. Pickersgill: Mr. Chairman, I wish to make one brief observation. I approve of this proposal in its amended form as I approved of it in its original form but I would point out, just the same, that it does underline the fact that those students who need help most get none at all and that if the student earns a considerable sum he gets a certain amount of additional help from the government, but if he does not earn that much he does not qualify for assistance and—

Mr. Fleming (Eglinton): I think the hon. member will agree that that other class would not be a matter to be dealt with under the Income Tax Act.

Mr. Pickersgill: If the minister would allow me to finish my own sentence, I was going to say that in addition to providing help for those students who were fortunate enough to earn a relatively larger amount it underlines the need of a proper program of scholarships and bursaries on a national basis for those who were not fortunate enough to come up to a sufficiently high level of income to enable them to qualify under this clause.

Mr. Herridge: Mr. Chairman, the amendment certainly improves the application and intention of the resolution. Would the minister inform the committee from what sources he received representations with respect to this amendment and state whether he has received any from organizations or institutions suggesting a further widening of the deductions permitted under this clause of the resolution?

Mr. Fleming (Eglinton): Mr. Chairman, there have been resolutions received from time to time broadly relating to this subject. Sometimes they have come from student organizations. Since the introduction of the supplementary budget on December 20, I have received a number of communications from student organizations and educational bodies expressing most cordial approval of the recommendations. Some of them proposed extensions such as those that are now put forward in the amendment.

There are some colleges that are not affiliated with any university but which are well-recognized educational institutions at post-secondary level. Their case was very carefully considered and it seemed to my colleagues and myself that it was a fair case they had put forward. Representations of that kind led to the broadening of the resolution.

There were some representations received from individual students. In every case these have been carefully studied and I think that the resolution in its amended and broadened form will cover and accede to practically all the representations in this field that we have received.

Amendment agreed to.

Paragragh as amended agreed to.

Resolution as amended agreed to.

Resolutions reported.

Business of the House

Mr. Speaker: Mr. Fleming (Eglinton) seconded by Mr. Churchill, moves that the said resolution be now concurred in. Is it the pleasure of the house to adopt the motion?

Mr. Pickersgill: On division.

Motion agreed to on division and resolution concurred in.

CUSTOMS TARIFF

Hon. Donald M. Fleming (Minister of Finance) moved for leave to introduce Bill No. C-72, to amend the Customs Tariff.

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

Mr. Pickersgill: On division.

Motion agreed to on division and bill read the first time.

Mr. Speaker: When shall the said bill be read a second time?

Mr. Pickersgill: Never.

Mr. Speaker: Next sitting of the house?

Some hon. Members: Agreed.

INCOME TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved for leave to introduce Bill No. C-73, to amend the Income Tax Act.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, in view of the ruling of the Chair in committee that the announcement made by the Minister of Labour today could not be discussed on the income tax resolution, I should like to suggest to the leader of the house that he call the estimates of the Department of Labour tomorrow so that this matter can be discussed in view of the great public interest in it and its urgency.

Mr. Churchill: Mr. Speaker, we always give careful consideration to suggestions from the other side but so many people are waiting to discuss another matter of great public interest, namely, agriculture, that I think perhaps we should go on with the estimates of the Department of Agriculture tomorrow as announced earlier this week.

Mr. Pickersgill: In that case would the leader of the house allow me to make an alternative suggestion, that the government move on Monday to go into committee of supply in order to give the opposition an opportunity—

Mr. Monteith (Perth): You had it last week.

Mr. Pickersgill: If the minister would not interrupt, it would be appreciated. May I suggest that the government on Monday move to go into committee of supply in order to give the opposition an opportunity to discuss the announcement made today which there was certainly no opportunity to debate before today.

Mr. Churchill: In view of these suggestions which will be given careful consideration, I will not announce any business other than that for tomorrow.

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

ANSWER TO QUESTION

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

LAKE WILLIAMS, N.S.—REPORT ON DROWNING

Question No. 108—**Mr. Tucker:**

What is the result of the investigation referred to by the Minister of Transport in his answer to the question regarding lake Williams, Nova Scotia, as reported in *Hansard* for Friday, August 5, 1960, at page 7598?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

Question

A Department of Transport report of the inquiry into the accident to Piper J-3CG5 aircraft, CF-DGT, at lake Williams, Nova Scotia, on May 22, 1960, revealed that the accident occurred because the pilot in command failed to see the sailboat until too late to avoid a collision while he was taxiing his aircraft at high speed into the sun.

Seaplane operations at lake Williams, Nova Scotia, have been thoroughly investigated by officers of the Department of Transport and those operations are, and will be, kept under strict supervision in order to make certain that the air regulations are being observed and that such operations are being conducted in a safe and orderly manner.

HOUSE OF COMMONS

Friday, March 3, 1961

The house met at 11 a.m.

MISCELLANEOUS PRIVATE BILLS

(Translation):

Second report of standing committee on private bills, in English and French—Mr. McCleave.

(Text):

COMMONWEALTH CONFERENCE

STATEMENT ON AGENDA AND CANADIAN PERSONNEL

Right Hon. J. G. Diefenbaker (Prime Minister): The Leader of the Opposition (Mr. Pearson) asked me yesterday whether I would have a word to say with reference to the commonwealth prime ministers' conference and the Canadian representation at that meeting. I would advise that I shall be leaving this afternoon and, as already announced, I shall visit Belfast on the way at the invitation of the Prime Minister of Northern Ireland. On the 5th and 6th of March I shall be in Dublin as a guest of the Irish government for discussions with the Prime Minister of Ireland, Mr. Lemass.

I can assure hon. members that I shall take with me the warm wishes of this house and of Canadians generally, and I shall pay tribute to those of Irish blood who have made so great a contribution to Canada.

Sir, in regard to the prime ministers' meeting, it will commence, as hon. members know, on March 8 and continue until March 16. I shall be accompanied by the Secretary of State, and next week the Minister of Justice will also proceed to London in connection with the meetings.

These meetings of prime ministers are indispensable in commonwealth affairs. They exemplify the process of consultation which lies at the heart of the commonwealth relationship. They represent and are a recurrent symbol of the partnership and diversity of the commonwealth. They provide each national leader with an opportunity to understand the problems and the hopes of the other member nations.

As the Leader of the Opposition knows from personal experience, there is a candour in these meetings which ensures that they are profitable for all who participate. In the past 15 years since the war the commonwealth has undergone a transformation in membership which has not only increased its usefulness and its opportunities in world affairs, but which has at the same time brought about new complexities and problems into the association.

This meeting of prime ministers will face problems of far-reaching significance, the most conspicuous of these being the continued membership of South Africa. I take it that in general the views of the parties in the house were set out in detail last March and April during the discussions that took place here. Since then the leader of the C.C.F. has given the views of his party. I take it that the Leader of the Opposition holds, because he has said nothing to the contrary, much the same views that he expressed during the debates nine or ten months ago. However, if there is any alteration in that viewpoint I would welcome hearing the hon. gentleman express his views in this regard at this time.

The essence of these meetings is that there shall be serious discussion without predetermined positions being taken. I can only express my conviction that the prime ministers will be inspired by a determination that in what they do the commonwealth will be preserved and strengthened and will be made an association even more effective as a vehicle of international partnership than ever before.

We sometimes fail to realize the tremendous diversity of opinion because of geography, size, culture, race and colour that is convened in these conferences. No one attending them can but have a greater knowledge of the problems faced everywhere in the world because of these diversities. Indeed I repeat what I have said on other occasions, that this body, transcending as it does the boundaries that ordinarily separate peoples of various races and colours, has a message for all mankind.

It is a practice in these meetings that the prime ministers should discuss the most urgent international issues of the day. I expect that there will be a very full review of the Congo situation and that in Laos, which are of concern to nations everywhere. Then there is the question of disarmament, which demands the attention of peoples everywhere. In this connection I shall naturally be bringing before the meeting the strong conviction of the Canadian government that there should be no relaxation of the effort to achieve

progress in disarmament, and will emphasize, as the Secretary of State for External Affairs has done so effectively, that the middle and smaller nations have a definitive role to play in this process, a role which cannot be discharged by the greater powers by themselves.

There will be before the conference the question of the admission of Sierra Leone. There will be an application for membership from the republic of Cyprus. Beyond that I know the house would not expect me to go. However, immediately on my return I will report the progress made at the conference and, in general, outline and discuss the attitudes taken by the conference as a whole without, of course, revealing the discussions which in the interest of frankness are regarded as confidential.

Hon. L. B. Pearson (Leader of the Opposition): I am sure all hon. members will have listened with great interest to the Prime Minister's statement on the forthcoming commonwealth prime ministers' conference. There is no doubt that in the long list of such conferences this will be one of the most important because the problems it will face are difficult and complex and will require all that flexibility of approach, wisdom and understanding which, I think it can be said, have been displayed at prime ministers' meetings in the past.

It was intriguing to me, Mr. Speaker, to read in the London *Times* this morning a dispatch from its diplomatic correspondent which I think should be given all the authority usually attached to such dispatches, giving the agenda of the forthcoming meeting, not in exact terms but as subjects which would be discussed. It was interesting to learn from that dispatch—and I am sure the Prime Minister's words this morning confirm it—that among the most important subjects of discussion will be disarmament so that if possible the commonwealth, can, at discussions at the United Nations, present a united front on this subject. Particular reference was made to the atomic test ban. In addition, the limitation of membership in the nuclear club is something the commonwealth prime ministers should discuss, especially in view of the fact that when a resolution on this subject was introduced at the United Nations by the Irish delegation last December the commonwealth delegations were badly split, Canada joining, I believe, with some of the Asian and African members in accepting that resolution limiting the nuclear club to countries now in possession of that weapon, while other members of the commonwealth abstained on it. This is one of the things in respect of which the commonwealth could bring about at least a greater measure of unity in its members.

According to the *Times* correspondent there will also be up for consideration the admission of communist China to the United Nations. Indeed, I am sure that the whole future of the United Nations will be discussed in London again to see if the commonwealth can present a united front in constructive proposals that will strengthen our world organization.

Our Prime Minister has mentioned the question of membership in the commonwealth. I have no doubt, of course, that this will be not only among the most important but also among the most difficult subjects up for consideration in view of the necessity of agreement being reached within this conference in regard to new members; or in regard to a member which has changed its status to a republic, seeking membership in the commonwealth. I, of course, refer in the last category to South Africa.

The position of the official opposition in regard to race discrimination and the policy of apartheid as practised in South Africa remains as described by myself in this house when this matter was discussed previously. I have no doubt that the effect of policies of racial and other forms of discrimination on membership in the commonwealth will have to be discussed at this meeting. I do not propose to go any further than that at this time.

The admission of Cyprus is another problem which the Prime Minister has mentioned. It is interesting and encouraging to realize that not very long ago many of the people of Cyprus were in arms against the United Kingdom. At this conference, after a tremendous majority in the legislature, Cyprus will be asking for admission to the commonwealth, and it may well be that Archbishop Makarios himself may turn up at a meeting of commonwealth leaders. Nothing could better express the flexibility, vitality and enduring strength of our commonwealth than that kind of situation.

The problems of increased membership in the commonwealth, however, are also complex. Perhaps at this meeting some consideration will have to be given to the question of whether institutional arrangements are now required in a commonwealth which is growing so fast and which will soon comprise 16, 18 or 20 members of varying degrees of size, strength and responsibility.

I have no doubt that the prime ministers will be devoting all the attention they can and bringing to bear all the wisdom and energies they possess to the question of commonwealth action in the direction of increasing the strength, co-operation and unity of this association in the search for international peace and security; and that they will do

everything they can to ensure the freedom, without discrimination of any kind, of all peoples within the boundaries of the member nations.

In so far as any progress can be made in that direction—and I am sure our own Prime Minister will do what he can to contribute to that progress—the conference and the Prime Minister will, I know, receive the support of all Canadians, as he will certainly receive and deserve the good wishes of the official opposition.

We wish the Prime Minister a pleasant journey. It is starting off well in that he is going to visit Ireland first. Perhaps he will be able to do something to help realize the vision of a united Ireland. Perhaps also he will visit Blarney castle. We wish the Prime Minister a pleasant journey and a most useful sojourn in London, and a safe return to Canada.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the prime ministers' commonwealth conference will be discussing many important questions. One of the most important in my opinion will be the economic well-being of member nations of the commonwealth. This will mean a discussion of trade and ways and means of expanding trade, and I would hope as well a discussion of a more far-reaching program to provide economic assistance to the underdeveloped nations in the commonwealth.

Canada should take a lead in this field. I suggest that in recent months there have been indications that Canada is falling back in this role. Instead of increasing, our economic assistance is decreasing at this time. I would hope—

Mr. Green: On a point of order, this is an inaccurate statement and really should not be made. No doubt the hon. member read it in some newspaper article, but the statement is not correct.

Mr. Argue: A further supplementary estimate will have to be brought down to make it an inaccurate statement. I hope the government will take action to show that the minister's statement is correct. There is certainly room for a vast expansion in economic assistance, and whether we are falling slightly behind or going slightly ahead I suggest the Canadian people feel that the government should be taking an active lead in this field.

Second, I suggest that in international affairs the government should continue a firm stand in opposing any expansion of the nuclear club. It would be a great mistake for more nations to have nuclear weapons. I would hope also that the commonwealth would take a firm stand in opposition to further nuclear tests. At this time, when there are reports that France is considering a fourth nuclear explosion, I would hope that this subject would be on the agenda for discussion by the commonwealth prime ministers, and that the weight of the commonwealth should be in opposition to further nuclear tests.

The Prime Minister has made special reference to the South African situation. I think the position of this group is rather clear. We have been and are very much opposed to discrimination in any form. We feel that Canada should speak out and the Prime Minister should speak out for Canadians in expressing that opposition. South Africa has had a vote and has decided to become a republic. She will perhaps be asking for admission to the commonwealth as a republic. I suggest that it should be made clear to South Africa that her policies must be changed before sympathetic consideration can be given to bringing her into the commonwealth of nations. I suggest that such an attitude and such a policy would increase the chances of discrimination in this nation being reduced.

We all wish the Prime Minister a successful journey. We hope the conference will be successful, and we shall be looking forward to the report he makes to parliament on his return.

Mr. Diefenbaker: May I be allowed to say to the Leader of the Opposition how very deeply I appreciate his gracious words, and may I express my thanks to the leader of the C.C.F. for his good wishes.

The Leader of the Opposition mentioned the constitutional developments that are taking place. This question is one that will naturally exercise the minds and thoughts of those in attendance. As he pointed out, membership in the commonwealth is increasing so rapidly that it may in effect deny that intimacy and closeness of relationship in discussion which has been characteristic of the past. At what point do you or do you not draw the line? Shall a member nation have a given population or more? These are problems that face the commonwealth. In the light of the developments that are taking place, the commonwealth will have to decide whether it would not be appropriate for the meetings, while held generally in the centre of the commonwealth, might, not on a rotational basis but from time to time, take place in other capitals of the commonwealth.

Again I express my thanks to the Leader of the Opposition and to the leader of the C.C.F.

POWER

COLUMBIA RIVER—STATEMENT OF FEDERAL GOVERNMENT'S POSITION

Hon. E. D. Fulton (Minister of Justice): I should like to make a statement with regard

to the Columbia river treaty, and with particular reference to the report of the British Columbia energy board. I do so in response to requests from many members, including in particular the hon. member for Okanagan-Revelstoke, as well as in response to the request which was made yesterday.

The government has now secured the text of interim report No. 1 of the British Columbia energy board, and has had an opportunity to analyse it. I can say at once that there is no point raised in the report that did not receive exhaustive consideration in the course of Canada-British Columbia discussions and in the course of the negotiation of the treaty. I should like also to emphasize that the British Columbia government were directly represented and participated fully at every stage of these discussions and negotiations. They participated fully in the working out of all provisions, and accepted every section and word of the treaty. Their engineers and technical advisers, including two of the members of the British Columbia energy board, participated fully in the determination of all figures and estimates on the basis of which the treaty was recommended. The British Columbia government accepted the conclusions reflected in the treaty on every one of the points now raised by the British Columbia energy board's report.

The energy board's report suggests that the treaty should not be ratified "without prior consideration" of certain factors. The essential point I want to make is that all these factors have received exhaustive prior consideration over a period of 17 years. Among other things the board suggests that discussions "have not yet proceeded to a point where any precise estimate can be obtained of the actual nature and quantity of power which will reach the B.C. load centres". This is a quotation from the board's report. A reference to the treaty and the annexes will show that the utmost precision possible at this stage has been introduced for the determination of precisely these matters at the only time they can be determined with complete certainty, when the treaty is in effect and operation has begun.

These are the kinds of matter that can only be determined finally when actual operation commences. To suggest that ratification and thus commencement of construction be delayed until a precise determination is obtained on all these points would mean therefore that nothing would ever start. The advance information and estimates on the Columbia project are at least as full and detailed as those available at the stage when other major programs were committed for construction; for instance, the St. Lawrence seaway.

[Mr. Fulton.]

In general, the British Columbia energy board's report asks that everything be determined precisely in advance, whereas in the nature of this kind of development some things can only be finally determined at a later stage. The treaty provides especially rigorous principles and procedures for making this determination.

The British Columbia energy board's report also seems to suggest that storage projects should only be brought in at the theoretically ideal time. This might be an engineer's dream, but it is simply not possible to ensure in a negotiated arrangement of this magnitude where commitments and plans have necessarily to be made far in advance. The British Columbia government is well aware of the reasons for the timetable for the Canadian projects included in the treaty. They know that any difference sequence or timetable would detract from the great value secured for all these Canadian projects.

What matters now is what the British Columbia government intends to do about this report. The real question is whether or not British Columbia and Canada are going ahead with the Columbia development. If it is to go ahead, ratification must take place without any unnecessary delay, and a start on the projects must be made just as soon as possible. Surely nothing should be allowed to jeopardize not only the power benefits but also the many millions of man hours of employment and the general economic stimulus waiting to be realized through the treaty project. If the British Columbia government is going to impose further delay on the basis of some of the points that have been raised again by the board's report, there is grave danger that this will imperil the treaty and the entire Columbia river development, not only for this year but perhaps forever.

The United States Senate will commence its consideration of this treaty as early as March 8. Let there be no doubt that the government of Canada stands ready to proceed with ratification at once.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the minister has made what I think is a very important statement on this matter. We on this side were of the impression, having regard to what the Prime Minister said some weeks ago, that consideration of this treaty by this house and by the committee to which it would presumably be submitted, and action by this parliament, would not be taken until suitable arrangements had been made with the provincial government concerned.

Having said that, I should add that yesterday in reply to a question I put the Prime Minister did say that no decision had yet been taken as to whether the agreement would be brought forward before the event to which the hon. gentleman made reference.

Now, Mr. Speaker, of course the negotiation and ratification of treaties is the responsibility of the federal government. Although in accordance with a convention of our constitution treaties are submitted to parliament for consideration and approval, once a treaty is ratified, the federal government has an international obligation in respect of that treaty vis-à-vis the other signatory country or countries. While that is true of the implementation of the treaty, nevertheless in so far as that implementation deals with matters under provincial jurisdiction it is the responsibility also of the provincial government concerned. If we proceeded in this house with consideration of this treaty, and with action in regard to it, before those matters had been concluded with the provincial government which are essential to the implementation of the treaty, we might find ourselves in very grave difficulties indeed. I do not want to be dogmatic or final about the matter, but I do want to point out one of the implications in the minister's statement, as I understood it.

Mr. Fulton: I thank my hon. friend for drawing to my attention the implication he has taken, because I do think this should be cleared up. My statement is a statement of the position of the Canadian government; that is that the Canadian government has confidence the treaty represents the best advantage to Canada, and stands ready to proceed with ratification. This statement is quite consistent with what the Prime Minister said because, as the hon. gentleman has pointed out, it is important to know exactly what the position of British Columbia is and that, of course, will have to be determined before a final decision is made by the government of Canada. My statement is a statement of the position of the Canadian government, a position about which there should be no doubt. We stand ready to ratify this treaty at the earliest possible moment.

Mr. H. W. Herridge (Kootenay West): We wish to thank the minister for his statement in respect to report No. 1 of the provincial energy board. I have no hesitation in saying that events have proven that the member for Kootenay West was right when he said this government was naive in signing this treaty before reaching an agreement with the government of British Columbia.

I received a copy of this report this morning, and I have read it carefully. When I see the names of prominent engineering firms from the United Kingdom attached to opinions indicating that further information is required on the physical aspects, the engineering aspects and the economic aspects of the question before anyone can make a satisfactory decision, I am more than ever convinced that the government acted with haste and without full knowledge of the facts.

I am not alone in that belief. This matter is causing a great deal of concern among the many people I have the honour to represent. I do hope, Mr. Speaker, that this delay and this reconsideration will cause a modification in this treaty which will make it possible for Canada to enjoy the greatest power potential without the unnecessary flooding, as General McNaughton said in his evidence before the external affairs committee, of the territory along the Arrow lakes, and the environs of Revelstoke.

NORTHERN AFFAIRS

ANNOUNCEMENT OF REVISED MINING REGULATIONS

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, I should like at this time to announce the promulgation of revised Canada mining regulations which apply to the Northwest Territories and certain other federal lands.

The regulations for the disposition of mining rights in the Northwest Territories and on other federal lands outside the provinces and the Yukon have been completely revised and modernized. Formerly known as the quartz mining regulations, they had not been basically revised since the early thirties. In the interim, changes have taken place in exploration and production techniques and in other facets of the industry which required recognition in new regulations.

About two years ago my department began a basic revision of this mineral disposition law. Wide consultation was held with industry while the revisions were being studied. Public meetings were held on two occasions in Yellowknife, Edmonton and Toronto, with large numbers of the mining fraternity attending. Three separate sets of drafts were distributed for comment and over one hundred briefs were received from associations, companies and individuals. This active co-operation from industry has been of great help to us in drawing up suitable regulations.

The revised regulations rest on two principles; first, to encourage exploration, development and production, and second, to protect

the interest of the people of Canada in the valuable resources which are administered under these regulations.

I would like to outline a few of the main changes brought about by the new regulations. There are, of course, a great many other revisions in the regulations which are of a technical or administrative nature which I will not mention at this time.

It is the policy of this government to ensure that Canadians have an opportunity to participate in the ownership and development of our resources. This policy is made effective in these regulations by providing for Canadian participation requirements at the lease stage, just as in the Canada oil and gas regulations. A lease to hold or produce minerals will only be issued to Canadian citizens or corporations incorporated in Canada in which at least 50 per cent of the issued shares are owned by Canadians, or whose shares are listed on a Canadian stock exchange, and in whose financing and ownership Canadians have an opportunity to participate.

The maximum claim tenure period for new claims is set at ten years to avoid the problems inherent in long claim tenure without activity. If the ground is to be held beyond ten years, claims must be converted into leases and, as I have said, leasing is mandatory whenever production starts. Leases are for a 21 year period with a privilege of renewal, and lease rentals may be offset by exploratory work.

In place of the rather unwieldy reservation system in our former regulations, we have introduced a prospecting permit system. These permits are for a maximum three year period and require minimum fixed exploratory expenditures each year, guaranteed by deposits. There will be no special arrangements with individual companies or payments or rentals to the crown. They will be issued on a "first come, first served" basis and only in the winter season, in order that everyone may know the areas granted well before the beginning of the prospecting season.

A large area around Great Slave lake where prospecting is active will be exempted from issuance of permits and, in fact, permits will not be issued in any areas which are being actively explored. They are designed for the more remote areas which have not been actively explored and where exploration over a larger spread of acreage for a short time, using modern methods, is justified. It is confidently expected that this permit system will encourage exploration in remote areas.

Areas not actively under permit will, of course, be open to normal staking and in no event can more than 12 per cent of the permit area be retained in claims by the permit holder.

The new regulations contain transitional clauses framed with the utmost care to protect and confirm rights given under former regulations, to assure that they are not abrogated.

There are a great many other changes which will cut red tape and reduce costs to the prospector and developer.

I am confident that the new Canada mining regulations will provide a sound basis for investment in the exploration and production of federal mineral resources, and will also protect the rights of the Canadian public, the owners of these resources, in line with the government's policy of northern development.

(Translation):

Mr. Armand Dumas (Villeneuve): Mr. Speaker, that very important statement made by the Minister of Northern Affairs and National Resources (Mr. Dinsdale) will certainly please the whole population of the Northwest Territories.

However, before being in a position to commit ourselves definitely on the contents of those amendments to the act, I think it would be wise to consider them in fuller detail.

I wish to congratulate the minister for that initiative, and to assure him that the measure will indeed be welcomed by the people concerned.

(Text):

EXTERNAL AFFAIRS

COLOMBO PLAN—TECHNICAL ASSISTANCE TO UNIVERSITY OF MALAYA

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I would like to make an announcement concerning a new type of Colombo plan assistance which has been arranged with Malaya and Singapore. At the request of the government of the federation of Malaya and of the government of the state of Singapore, the government of Canada has approved a project whereby the University of British Columbia will establish and develop, in the Kuala Lumpur and Singapore divisions of the University of Malaya, courses in accounting and business administration. The University of British Columbia will also undertake the necessary research in business and industry in the federation of Malaya and in the state of Singapore with a view to adapting these research findings for teaching purposes.

This is the first occasion when a Canadian university has undertaken a program of technical assistance as the agent of the government of Canada. The project, subject to annual review, will continue over a period of five years, and will involve sending out to Malaya and Singapore members of the faculty of the University of British Columbia for research and teaching duties.

When the program is well launched in the two universities abroad, it is proposed to bring to Canada selected students from the universities at Kuala Lumpur and at Singapore for training at the University of British Columbia and elsewhere in Canada. Upon completion of their training these students will return home to replace successively the teaching and research staff of the University of British Columbia in the University of Malaya. When this program is in full progress there will be six faculty members of the University of British Columbia at the Kuala Lumpur and Singapore divisions of the University of Malaya, and six students from the University of Malaya who will be pursuing their studies in Canada.

The costs of this program, including salaries of the professors of the University of British Columbia abroad, the training of these students from Malaya and Singapore in Canada, travel, and the necessary equipment including library books, business machines and other supplies, will be met from funds voted to finance Canada's participation in the Colombo plan.

It is thought that this project undertaken by the University of British Columbia on behalf of the government of Canada may be the first of a series of such arrangements whereby a Canadian university or other institution would undertake a specific program of technical assistance on behalf of the Canadian government. There are obvious advantages in concentrating Canada's aid programs upon specific and demonstrable needs abroad—there is a great lack of accountants and business administrators in Malaya and in Singapore—and it is clearly an efficient procedure to entrust such a project to a university in Canada well equipped to plan and carry it out with its own specialized research and teaching staff.

Hon. Paul Martin (Essex East): Mr. Speaker, this announcement made by the Secretary of State for External Affairs will be received by the house and the country, I am sure, with great interest. It is noteworthy that the minister should have made this statement today in view of the interest that was shown yesterday by the hon. member for Trinity (Mr. Hellyer) when he suggested that consideration might be given to emulatting the plan now being established in the United States in establishing a peace corps in undeveloped lands.

This, of course, is not precisely the same concept, but it has many similar features. The arrangements made for assistance to Singapore and the federation of Malaya as announced by the Secretary of State for External Affairs continue arrangements that were first established, I think, in 1956. It is important that this aid to these two states, Singapore and the federation of Malaya, should be of a generous character because of the need for assistance.

It is interesting that the great University of British Columbia, on the Pacific coast, should be the first university to participate in this interesting and, I am sure, useful venture. It must have been a matter of great pride to the Secretary of State for External Affairs, coming as he does from Vancouver and British Columbia, to make this announcement in so far as the University of British Columbia's participation is concerned.

However, the minister will not mind my saying to him, as one University of Toronto man to another, that it is to be hoped that in the pursuit of this plan that university, as well as the university in Windsor, Assumption University, and other universities in Canada, which are devoted to Asian studies, will be given an opportunity to contribute at some future date.

In this particular one should not forget that the first Asian study department to be set up in Canada was at McGill, under Professor Smith. If anyone doubts the catholicity of my university interests, this statement will clearly remove that doubt.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I say that we all understand the envy and jealousy of the hon. member for Essex East. However, may I say that we in British Columbia take a different attitude from the hon. member. Anything from Canada is good and we are proud of it, irrespective of the province or the university participating. However, you will of course understand the great interest with which I listened to the statement by the Secretary of State for External Affairs, because I also come from Vancouver and British Columbia. We are exceedingly proud, of course, that there has been an arrangement made on this most important matter of assistance to other states and countries whereby the University of British Columbia is able to be of help.

I am in particular very happy about the announcement made by the Secretary of State for External Affairs because, although I take no credit for it, it is in line with a speech I made in this house during the last session as a result of information given to me in Singapore and Malaya on the occasion of the visit of the official Canadian delegation to those countries. It was impressed upon us by the people of Singapore and Malaya, Indonesia, Thailand, Iran and other countries that they felt the greatest help Canada could give would be to have our technicians and university people go to their countries, understand them, help them in their countries in

educational, administrative and business methods, and then have, on the basis of that understanding and knowledge, the acceptance of students from those countries into our own universities.

I have nothing but the highest commendation for the initiation of this policy whereby Canadian universities first send people to these countries to understand and assist them, and then follow up with their students coming to our country. We are, of course, very happy about the announcement of this policy and, being human, we are very proud that the first university in this field is U.B.C. We hope to see, and we have every hope that this will be so, the policy extended and that the university about which the hon. member for Essex East is so concerned will have an opportunity to learn from the experience of U.B.C.

[*Later:*]

Hon. J. M. Macdonnell (Greenwood): Mr. Speaker, in spite of the catholicity of the hon. member for Essex East when he was referring to the University of British Columbia plan for assistance, he overlooked the fact that a similar plan is already in the process of arrangement at the University of Toronto, in which our own fellow member for York Centre (Mr. Stinson) has played an important part. It is going ahead on the same general lines.

Mr. Martin (Essex East): Mr. Speaker, on a question of privilege may I simply note that fact as being so. I neglected to say that in some of our French Canadian universities progress is being made in this connection also.

POLYMER CORPORATION

ANNOUNCEMENT OF NEW PLANT FOR PRODUCTION OF POLYBUTADIENE

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, I wish to announce to the house the plans of Polymer Corporation Limited for a new plant at Sarnia for the production of polybutadiene. Construction will commence during the summer of 1961, with a view to being in production before the end of 1962.

This plant is estimated to cost between $8 million and $10 million and will be the first commercial unit in Canada for the production of stereo-specific rubbers, a new family of rubbers made possible by advances in special catalysts developed in the last eight years. These rubbers are of particular interest in heavy duty truck and bus tires. Polymer has already been producing substantial quantities of polybutadiene in its plant located in Sarnia. Large quantities have been used for factory evaluation.

This is the second unit of the expansion program for Polymer which I announced last fall, and emphasizes the continuing growth and diversification of the company's facilities in Sarnia.

SPORTS

CURLING—WINNING OF LADIES' CHAMPIONSHIP BY SASKATOON RINK

Mr. H. F. Jones (Saskatoon): Mr. Speaker, I rise on a question of personal privilege. It gives me a good deal of pleasure to draw the attention of the house to the presence in Ottawa of four very charming, gracious and beautiful ladies from Saskatoon, distinguished beyond all others in Canada in that they have won the Canadian ladies' curling championship. I might say that in their sportsmanship these ladies, Miss McKee, Miss Fedoruk, Mrs. McNiven and Mrs. McFee, are a credit to Canada and especially to that most famous of cities, Saskatoon.

Mr. Winch: Also the runners-up from British Columbia.

Mr. Speaker: I am not sure whether there are other questions of privilege in connection with other contenders. Undoubtedly it is a question of privilege, and a privilege which the hon. member for Saskatoon very much enjoys.

LABOUR CONDITIONS

CRITERIA FOR DEPRESSED AREAS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, before the orders of the day are called I ask leave to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the inadequate and restrictive character of the criteria to be used as a basis for the designation of depressed areas.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Mr. Speaker, if I may be permitted to say a word on this—

Mr. Chevrier: No.

Mr. Diefenbaker: —the Department of Labour estimates will be called next week—

Mr. Chevrier: Order.

Mr. Diefenbaker: If the hon. gentleman would maintain silence—

Mr. Speaker: Order. The Prime Minister is quite in order in speaking to the question of urgency of debate, which is the matter involved in the leave which the Leader of the Opposition has requested.

Mr. Pearson: On a point of order, Mr. Speaker, is it not customary to give the member who moves the motion a chance to explain why he considers it important to raise the matter at this time?

Mr. Speaker: Yes, and in due course the Leader of the Opposition will have his opportunity.

Right Hon. J. G. Diefenbaker (Prime Minister): Apparently the hon. gentleman is somewhat frightened that my intervention may end any argument in that connection on his part. I was simply pointing out that the question of urgency has to be determined by you, Mr. Speaker, and aside from every other consideration, next week when the estimates of the Department of Labour are called an opportunity will be given for the fullest discussion of this question. Hon. members opposite have been asking for the labour estimates to be called, and that is the reason I rise now, to say that within a very few days they are going to have the fullest opportunity to discuss in most ample measure a subject which has been dealt with over and over again, this particular aspect being, however, a phase of the subject discussed earlier in the month of December.

For these reasons I suggest there is no urgency such as must necessarily be established in order to permit a motion to be moved for the adjournment of this house.

Hon. Lionel Chevrier (Laurier): I rise on a point of order. I think when a member rises in accordance with standing order 26, wherein the practice is clearly established that the member desiring to make the motion for adjournment rises in his place and asks for permission to do so, Mr. Speaker deals with the matter before anyone else is allowed to intervene and give reasons why in his opinion there will be opportunity for discussion at a later date.

Subsection 3 of standing order 26 reads as follows:

> He then hands a written statement of the matter proposed to be discussed to Mr. Speaker, who, if he thinks it in order, and of urgent public importance, reads it out and asks whether the member has the leave of the house. If objection is taken, Mr. Speaker requests those members who support the motion to rise in their places and, if more than 20 members rise accordingly, Mr. Speaker calls upon the member who has asked for leave.

This was not allowed to be done. The Leader of the Opposition asked for leave to move his motion and I think he should have been allowed to complete his statement.

Some hon. Members: He sat down.

Mr. Chevrier: He did not. He rose several times. I say, with respect, that he rose several times but the Prime Minister was on his feet and Your Honour saw the Prime Minister. I am not objecting to the statement made by the Prime Minister, but it should not have been allowed at that time in accordance with the rule as I understand it.

Mr. Speaker: The hon. member for Laurier has, I think, misunderstood or perhaps misinterpreted the practice. As I understand it, when a member asks for leave to move the adjournment of the house it is, of course, the responsibility of the Speaker to determine whether it is a matter which comes within the scope of rule 26, and in regard to which the house should be asked whether leave should be given. But before the Speaker makes up his mind, as the hon. member will recall from past instances, it has been his practice to hear members of the house who are prepared to assist him on the question of urgency of debate. It was on that account that when the Prime Minister rose immediately, wishing to speak on that subject, I was pleased to have his views on that question; and I shall be glad to hear the Leader of the Opposition now on the question of the urgency of debate.

Mr. Chevrier: May I draw this point to the attention of Your Honour. It seems to me that the practice has been to allow a statement, as you have allowed it, but only after you have put into effect the provisions of subsection 3 of standing order 26.

Some hon. Members: No.

Mr. Campbell (Stormont): May I speak on that point of order? It seems to me the Leader of the Opposition was so hesitant in his advocacy that instead of proceeding he sat down.

Mr. Speaker: I have already determined that the point of order is not well taken. I am prepared to hear the Leader of the Opposition in support of the urgency attaching to his request that he be given leave to move the adjournment of the house.

Mr. Pearson: It has just been said that I was so hesitant about this motion that I sat down after reading it out. I sat down so that Your Honour would have a chance to read the motion, and in order that the Prime Minister and the leader of the C.C.F. party might have a copy of it. If I did not resume my statement immediately it was through courtesy to the Speaker, to the Prime Minister and to the leader of the other party, not through hesitancy. In doing so I followed the normal practice of this house for years.

The Prime Minister has already indicated that he does not consider this matter to be one of urgency. There can be no question, of course, about its importance. It deals with a concrete proposal which has at last been

advanced by the government in order to alleviate unemployment. But this proposal, as we have understood and studied it, is in such uncertain terms that it is already causing uncertainty and uneasiness in the country with regard to its application. Surely, therefore, it is necessary to clear up at once the nature of this proposal, the manner of its operation and the effect it will have on the economy.

We did our best last evening to have a discussion on this matter but it was ruled by the Chair to be out of order. I am not complaining about that, but there was no possibility of our continuing the discussion of it on the budget resolutions before the house which, according to the Minister of Finance, had nothing whatever to do with this matter. Therefore we had to find some other way of discussing the subject at once.

When the house rose last night my friend the hon. member for Bonavista-Twillingate, who asked what the business was to be for the next day, suggested that perhaps we could discuss this matter today on the estimates of the Department of Labour; or, if that was not possible—and the leader of the house said it was not possible—possibly we could discuss it on Monday on a supply motion. That has not been found possible, either—and I am not complaining about that—but in view of the immediate urgency of getting this question cleared up so the country may know what these regulations mean and how they can be applied at once to the unemployment situation, surely it is not necessary to wait until some time next week when the government brings forward the estimates of the Department of Labour.

Mr. D. M. Fisher (Port Arthur): It seems to me Your Honour has to make a ruling which is difficult because of its qualitative nature. Because of that, it seems to me that what you really want is an honest opinion as to the question of urgent public importance. I can only say for the C.C.F. party that we have been stunned by the haziness and inadequacy of the statement made yesterday by the Minister of Labour. Speaking for my constituents and my party I certainly feel this is urgently important. We know something about the criteria mentioned in this motion, and for this reason we would urge Your Honour to allow it.

Hon. Gordon Churchill (Minister of Veterans Affairs): Mr. Speaker, on the question of urgency I think you have to take into account that a request such as this asks the house to set aside the business arranged for the day in question. Now, the business which it is intended to bring before the house today is consideration of the estimates of the Department of Agriculture, and I do not think anyone would wish to argue that this does not constitute urgent and essential business to be considered by this house because of the economic factors which will be determined by the acceptance or otherwise of the government's program for agriculture for the year.

The second point to be considered is this. This question was discussed last night. In our opinion the hon. member for Essex East was out of order, but we permitted him to go ahead without interruption for a full 30 minutes discussing this particular subject. We could easily have interrupted the hon. member and asked him to refrain from comment but we did not do so, and so the matter was considered by the house last night. The hon. member for Port Arthur similarly without interruption followed on the same subject for about 15 minutes. Therefore we have heard the views of the opposition with regard to this important problem.

Hon. members on the opposition side asked that this matter be taken up on Monday and Tuesday. Consequently they were of the opinion last night that it was not of such urgency that it had to be discussed today. It so happens that Monday, under our rules, is a private members' day and is so set out. We are consequently going ahead with that.

Finally, the Prime Minister has pointed out that the estimates of the Department of Labour will be up for consideration next week. They will be called, and I think I can safely give the assurance now that they will come before the house on Thursday, which will give ample opportunity for full debate on this particular problem on Thursday and on Friday if necessary. Hon. members of the opposition were prepared to discuss this question on Monday and Tuesday of next week, so it is only a matter of our making the suggestion that these matters be discussed on Thursday.

I would conclude by saying that I think it would be wrong to interrupt the business of the day to discuss this particular problem when there will be an early opportunity to debate it.

Mr. Chevrier: Mr. Speaker, the practice that has been established in the house is, I think, clearly set out, as Your Honour knows, in Beauchesne's fourth edition, citation 100. Before Your Honour entertains a motion of this character he must be assured that there are four elements present.

The first is that the matter is one of the administrative responsibility of the government, and I believe there is no doubt about that.

The next is that it is a matter of definite, urgent public importance, and I think that has been admitted by the statement which the Prime Minister has made.

The third and perhaps the most important element of them all is that of the urgency of debate upon which Your Honour, generally speaking, seeks advice from both sides of the house. It is to this point that the house leader addressed himself, namely that it would not be wise in his opinion and that of the government to adjourn the business of the house which is going to be under consideration shortly to discuss this matter.

That reference to urgency of debate is the basis upon which we on this side of the house differ completely from the house leader. The reasons are that when the ordinary opportunities provided by the rules of the house do not permit of the subject matter being brought up early enough, then there is urgency of debate. It is all right for the Prime Minister and the house leader to say that the estimates of the Department of Labour will be called, but for the last two weeks we have been asking that these estimates be called and have received no satisfactory reply to that request. If our request had been complied with earlier perhaps there would have been an opportunity of discussing some of these matters, but we were not given that opportunity.

Another thing we ask is that we be given the opportunity of discussing the matter on an amendment to the motion to go into supply. We are told that Monday is a private members' day and that therefore we cannot discuss this matter on Monday. Why should we have to wait until Thursday, when even then we do not know whether some other matter of importance will come to the attention of the government and it may decide then not to call the estimates of the Department of Labour.

It is not the statement by the house leader that this will be done on Thursday that determines the urgency of the debate. It is the question which is before the house, namely the statement made by the Minister of Labour yesterday. It is no answer for the house leader and those who sit on the other side of the house to say that we had an opportunity of discussing this last night. That is not so. There was no opportunity of discussing this last night—

Mr. Fleming (Eglinton): The hon. member was not here. The discussion lasted for three quarters of an hour.

Mr. Chevrier: —because when there is an opportunity for discussing a matter, I presume that means there is a responsibility on the other side to at least reply to some of the statements made. There was no opportunity to discuss it in that sense because the Deputy Speaker determined that it was a matter which should not be discussed within the rules of the house, and perhaps he was right.

Mr. Diefenbaker: I invite the hon. member to read the discussion commencing at page 2600 and following of yesterday's *Hansard*.

Mr. Chevrier: I have read the debate very carefully and there is no doubt in my mind, I say with respect to the Prime Minister, that there was not last night an opportunity of discussion afforded within the meaning of the words "urgency of debate" as is meant under the rules.

The fourth criteria that determines this matter is that of opportunity. There will be no opportunity to deal with this matter before Thursday at the earliest, if one accepts the statement made by the house leader. In view of the importance of this question and in view of the uneasiness and anxiety in the country because of the application of this criteria, I submit with deference that we should now be given the opportunity we seek and that the motion should be accepted so that we may discuss these matters of urgent public importance.

Mr. Martin (Essex East): Mr. Speaker, I should like to say a few words in this respect.

Mr. Speaker: I shall be glad to hear from the hon. member on this point if he thinks it is necessary after I have concluded. One difficulty—and it is one to which the hon. member for Essex East (Mr. Martin) could perhaps address himself—is the possibility that if the motion is permitted it might anticipate a matter which has been previously appointed for consideration by the house. I do not see that this matter has been appointed for consideration.

The subject matter of the request, namely "the inadequate and restrictive character of the criteria to be used as the basis of the designation of depressed areas" arises out of the statement of policy made yesterday by the Minister of Labour, which is found at page 2569 of *Hansard*. I take it that it was purely a statement of government policy, an administrative decision, and I do not see that it necessarily comes before the house for debate under any of the orders now on the order paper. It is true that it might be discussed on the labour estimates.

With respect to the suggestion that it could have been or was discussed last night, I do not accept that proposition because it is agreed that if it had been discussed last night the discussion would have been out of order, and I do not think opportunity for debate which would be out of order can be considered opportunity for debate.

The matter having arisen yesterday and it being a matter of national significance and importance, it seems to me that as far as I have gone with the assistance which I have had from hon. members, and for which I thank them, if this is not a matter which has been appointed for debate so that we would be anticipating a debate which will necessarily occur in the course of this session, I might very well accept the proposition.

If the hon. member for Essex East wishes to say anything on that point or if any other hon. member can assist me on that point, I would be glad to hear him now.

Mr. Chevrier: Thank you, Mr. Speaker.

Mr. Pearson: Mr. Speaker—

Mr. Speaker: In the absence of advice to the contrary I think I cannot consider that if this motion were permitted it would be anticipating a debate on the matter which the Leader of the Opposition wishes to have discussed. Therefore I feel I must put the request before the house in the terms of standing order 26, and so that all hon. members will understand it I shall read it in so far as it has not yet been read. Subsection 3 of section 26 reads:

> —Mr. Speaker, who, if he thinks it in order, and of urgent public importance, reads it out and asks whether the member has the leave of the house. If objection is taken, Mr. Speaker requests those members who support the motion to rise in their places and, if more than 20 members rise accordingly, Mr. Speaker calls upon the member who has asked for leave.

Accordingly I shall read the request which has been presented.

Mr. Churchill: May I just ask a question with regard to your earlier remarks, sir? I understood you to say that this matter has not been appointed for discussion in the house, but surely it is not the practice of the house to provide immediately an opportunity for a discussion of matters of urgent public importance. The statement of the Minister of Labour was made just yesterday afternoon, and it is not normal for the government, following a statement, to immediately name the period at which that statement may be taken up for debate. I think it is rather pressing things a little far and will establish a difficult precedent if, whenever an announcement of government policy is made in this house, someone from the government side must state when it will be available for debate.

I might draw your attention to the fact that this morning we had, I think, five statements, some of which concern government policy. Am I now obliged to name the date on which those will be taken up for debate? These concern the Department of External Affairs, the Department of Defence Production and the Department of Northern Affairs and National Resources. They are all important matters, and it would be extraordinarily awkward to have to immediately name the date and the hour when those matters would come up for consideration.

I suggest that we are in the same position here. The Minister of Labour made a statement yesterday declaring government policy, and I have now suggested that the opportunity for debating it will occur early next week. I doubt very much whether I should be called upon to do more than that. I think you could argue urgency of debate with regard to the other matters that were announced as government policy this morning, and we might then continue day after day, at the wish of the opposition debating those matters. Yet in the ordinary course of the organization of business there is always ample opportunity to debate important matters in the house. In this particular instance it is only a deferment of, say, 48 hours beyond what the opposition suggested as the time for debate. Therefore I suggest, Mr. Speaker, that further consideration might be given to this particular problem.

Hon. E. D. Fulton (Minister of Justice): May I follow up what the leader of the house has said by referring to May's Parliamentary Practice, 16th edition. This particular point is discussed at page 374, where we find the following:

> Matter must conform to general rules of order.

The text continues:

> Permission to move a motion under S.O. No. 9—

Which is the corresponding British order to our standing order:

> —has also been refused on the following grounds.

I refer to ground (c):

> That another occasion for raising the matter is provided for under practice and the standing orders.

Then illustrations are given, such as that it may be raised by way of complaint of a breach of privilege, or it may be raised under paragraph (ii):

> Arrangement of government business.

Therefore you have in May, where the rule being discussed is virtually the same as ours, the statement that the motion has been refused where the matter sought to be raised can be discussed on another occasion which would be provided for in practice under the standing order.

I said this was in support of the position of the leader of the house. He has pointed out that these matters of government policy which are announced from time to time can all be discussed on the estimates of the appropriate departments, and that is the normal

way to do it, both under the practice and under the standing orders, because the estimates of the departments have to come before the committee and the matters may be discussed there.

As I understood the minister, he said that the estimates of the Department of Labour will be up for discussion next week—

Mr. Chevrier: Next Thursday.

Mr. Fulton: That is the appropriate time at which to discuss this matter. I submit to you on the basis of the authority of May that this motion should be declared out of order, since there is another occasion for raising the matter provided for under the practice and in the standing orders.

Hon. Paul Martin (Essex East): Mr. Speaker, may I say a brief word on the point to which the leader of the house has referred, and which was inadequately dealt with by the Minister of Justice. On the question of anticipation, I think one should seek to understand the authority under which this announcement of policy will be carried out. If the government chooses, this matter need not be discussed in this house in the future, because under the Income Tax Act the government now has the authority, subject to a decision of the governor in council, to proceed with this plan of double depreciation. Therefore, on the question of anticipation, nothing will be before the house unless the opposition seeks to raise the matter on the estimates of the Department of Labour, or in some other way. That is the situation. There is no question of anticipation of this matter in the sense envisaged by rule 26.

On the question of urgency, it is true that last night I did discuss this matter, but at the end of my time, when I was proceeding with my argument, which had only really begun, I was precluded from doing so by a ruling of the Chair that I was out of order.

Mr. Speaker: The hon. member need not deal with that point, because I have no doubts in my mind that the discussion of last night is in no way an answer to the opportunity for debate which is now being sought. If he has anything further to add I should like to hear him.

Mr. Martin (Essex East): I was simply going to point out that the reason I mentioned what took place last night is that there were certain questions put to the government which dealt with this matter of anticipation and to which it has not replied. There is no way by which we could get answers if the government did not choose to bring before the house the legislative authority under which it has acted. It has that authority now. Therefore the question of anticipation does not really arise.

Hon. W. J. Browne (Solicitor General): In his previous statement to the one he just made, the hon. member who just sat down gave the answer to that. He said "unless the opposition seek to raise the matter in a discussion of the estimates of the Department of Labour". According to the leader of the house, they are to come up on Thursday, and that should satisfy him. But what I want to draw to your attention, sir, are two statements in particular which are to be found in Beauchesne's Parliamentary Rules and Forms, fourth edition, at page 91. Paragraph 8 reads:

> Standing order 10 of the United Kingdom house, in force since 1882, also provides that a member may propose the adjournment of the house "for the purpose of discussing a matter of urgent public importance".

This is similar to our own rule. Half way down the paragraph we find this:

> —the Speaker said: "I do not think that, under the standing order of 1882, a motion on a subject of this kind, having such a very wide scope, was ever contemplated. What I think was contemplated, was an occurrence of some sudden emergency, either in home or in foreign affairs."

This is a matter which has been under consideration for a long time; it can hardly be regarded as an emergency. Then, sir, I take you back to the preceding paragraph which says:

> In doubtful cases, the question of urgency and of importance are left for the house to decide, by giving or withholding its support.

Mr. G. H. Aiken (Parry Sound-Muskoka): May I point out one thing in connection with the matter of urgency which has not yet been mentioned. This is a motion in connection with double depreciation under the Income Tax Act which, when implemented, is intended to attract industry into areas of surplus manpower. I feel it is quite obvious that industries are not going to move into these communities tomorrow, the next day or next week. This movement will take some time, so I cannot see how there is much urgency to debate this matter at this time.

Mr. Speaker: If I am correct in my understanding of the matter desired to be discussed, it is the method proposed by the government under which areas will become entitled to the benefits of double depreciation under the income tax regulations. Is that the significance of the matter? The matter to be discussed is the declared formula or criteria for determining what are depressed areas.

Mr. Churchill: Mr. Speaker, will you oblige by reading the words of the motion?

Mr. Speaker: The proposed matter of urgent public importance is the inadequate and

restrictive character of the criteria to be used as a basis for the designation of depressed areas.

Hon. Michael Starr (Minister of Labour): On that point, Mr. Speaker, I should like to say that this motion hinges on what are referred to as government measures or criteria for the designation of depressed areas.

Mr. Speaker: The criteria to be used as a basis for the designation of depressed areas.

Mr. Starr: The motion in its present form deals with something which does not exist. The government has issued no criteria, devised no measures, to deal with depressed areas. There is no mention in the statement I made yesterday of depressed areas. I do not see anything in the statement that relates to that phrase or any similar phrase. My statement sets out very clearly that double depreciation for taxation purposes would be considered for industries establishing in areas where unemployment is a chronic problem.

Mr. Pearson: On that particular point, may I say it is quite true that the Minister of Labour in his announcement yesterday did say, as he has indicated, that the regulations were to deal with the selection of areas eligible for double depreciation under the program announced in the supplementary budget on December 20, 1960. What was that program announced in the supplementary budget of that date? The Minister of Finance said, in referring to these areas, as reported at page 1007 of *Hansard* for December 20, 1960:

> In some areas changing economic conditions have created a degree of chronic unemployment which requires special action.

An area which has such chronic unemployment as to require special treatment surely must be considered as a depressed area, and that is the meaning attached to it in our motion.

Mr. Speaker: I appreciate the force of what was said by the house leader, that merely because a matter of government policy is declared and there is no immediate opportunity for debating it, rule 26 must necessarily be invoked. As the house is aware, in my interpretation of rule 26 I have not seen very many matters which I considered warranted the use of the rule. This case, which has been discussed at considerable length this morning, seems to me to be a definite matter in that there was a declaration of criteria. If I understood the announcement of the Minister of Labour yesterday, it concerned criteria for determining what areas may come under certain tax provisions, which are still before the house for consideration, it is true. These criteria are said to be inadequate, insufficient or improper, and as they are the basis for action by the areas themselves at a time when there is unemployment, it seems to me I must accept the view that this is urgent.

I have not seen that there is necessarily any debate on this matter which will come before the house. It is true that it would be in order, I think, to raise the question of policy on the labour estimates, and perhaps it could be more completely discussed at that time. However, it does not seem to me that that would preclude the use of rule 26 at this time for an immediate discussion of the matter which would come before the house at a future date in the course of the discussion of the estimates, even though the co-operation of the government has been assured in the calling of the labour estimates for Thursday.

Mr. Churchill: May I interrupt just for one moment, Mr. Speaker? I regret having interrupted you, but does this resolution not fail because of a fatal weakness in its terms? The motion refers to the character of the criteria to be used as a basis for the designation of depressed areas. There was no mention whatever in the minister's statement of government policy for the designation of depressed areas. This is a different topic which the opposition is attempting to introduce. Consequently there is a fatal weakness in the motion which should make it invalid.

Mr. Speaker: Do I understand the minister's point to be that the statement made by the Minister of Labour yesterday did not relate to the matter which is sought to be discussed?

Mr. Churchill: That is my point, Mr. Speaker.

Mr. Speaker: If I may refer to the statement of the Minister of Labour, which is to be found at page 2569 of *Hansard* for March 2, 1961, I find that he refers to areas in which there has been a substantial degree of unemployment over the years. Then he says:

> Areas which meet the following criteria may qualify under this program.

If I am not mistaken, that is the program for double depreciation under the budget proposals of the Minister of Finance. Then the Minister of Labour said:

> They are broken down into two categories; areas with a labour force of 10,000 and over—

And so on.

Hon. Donald M. Fleming (Minister of Finance): With respect, sir, I never announced or foreshadowed any program that corresponds to this description. The Leader of the Opposition referred to the terms I used on December 20—

Mr. Martin (Essex East): Shame.

Mr. Fleming (Eglinton): —in relation to this proposal for double depreciation. The expression "depressed areas" never entered into this matter at all. Consistently certain members of the opposition have tried, in their questions in the house, to introduce this expression. They want to tag it on to somebody. It has never had relevancy to the government's proposals.

With great respect, Mr. Speaker, I think it would be highly out of order if you, in your place, were asked now to make an identification of the two subject matters, one that has been referred to in a government statement and one that has been used by the opposition. I do not believe it is proper under the rules of the house, if I may say so with great respect, to expect the Chair to make that identification. If hon. members seek to bring forward a motion and make it in order in relation to something that has come from the government by way of a statement, then they must not leave it to the Chair to make that identification. The identification must be made in the terms of the motion itself.

Look at the effect of this, Mr. Speaker. If you, in the chair, are asked to make this identification you are, in effect, being put by the opposition in a position of placing an interpretation on a statement of government policy, an interpretation that the government has consistently rejected.

Mr. Chevrier: Order. I rise on a point of order.

Mr. Speaker: The hon. member is speaking to a point of order?

Mr. Chevrier: I think this statement made by the Minister of Finance is entirely out of order. He has been lecturing you, Mr. Speaker, and telling you what you should do under these circumstances, and I object to that.

Mr. Speaker: Order. The Minister of Finance has been indicating that, as a consequence of putting this matter before the house, I am accepting the term "depressed area" and thereby giving the authority of the Chair to that. That is only an argument and one which I do not think I have to accept. I do not think there is a point of order there.

Mr. Fleming (Eglinton): May I make it quite clear, Mr. Speaker, that far from my thoughts was any intention of lecturing the Chair. I was seeking to put certain considerations before you, and to say that the Chair should not be put in the position of making an identification, which has been the object of the efforts of the opposition, which have been properly resisted by the government.

Mr. Chevrier: Mr. Speaker, this is an attempt by the Minister of Finance to create a distinction between the motion which has been made and the statement made by the Minister of Labour. I submit with all due deference, sir, that there is none. There is only one difference; the Leader of the Opposition used the term "depressed areas" and the Minister of Labour stated "areas of chronic unemployment". Are we going to discuss the difference between the two when there is a substantive motion before the Chair? This is a technical objection taken by the Minister of Finance which should be dealt with on its merits, a technical objection which tries to divert the attention of the house from a matter of urgent public importance.

Mr. Speaker: I think the Minister of Finance has a point, and I would like to be sure of what will be debated if this matter is proceeded with. The wording is "inadequate and restrictive character of criteria to be used as a basis for the designation of depressed areas". I take it from what has been said—and the Leader of the Opposition who asked for leave will be able to clear up this matter so there is a definite matter before the house —that by "the designation of depressed areas" he refers to the designations under the statement made by the Minister of Labour yesterday. If I am not correct in that the whole basis of my thinking on this matter will have to be revised. I assume that what he is asking the house to discuss is the criteria to be used as a basis for the designation of what the Minister of Labour referred to yesterday as areas eligible for double depreciation under the program announced in the supplementary budget of December 20, 1960. Is that right?

Mr. Pearson: Mr. Speaker, your assumption is quite correct. I used the expression "depressed areas" in relation to the minister's statement yesterday that these are areas which would be eligible for double depreciation under the program announced in the supplementary budget of December 20, 1960. The minister went on then to explain his own interpretation of these areas by referring to them as areas where there has been a substantial degree of continued unemployment over the years. He laid down certain criteria to cover that definition.

Then, Mr. Speaker, the budget speech of December 20, by the Minister of Finance, which he seemed to have repudiated this morning, refers to these areas as areas where economic conditions have created a degree of chronic unemployment which requires special action. This was said by the Minister of Finance. These areas that are covered by

that definition are depressed areas, and we are talking about depressed areas within the meaning of this statement made by a representative of the government.

Mr. Speaker: I have taken undue time of the house, I am afraid, in making up my mind about this, but it is partly due to the wording of the request itself. I have no hesitation in saying that as I understood it, and as it has been explained now, it relates solely to the criteria announced by the Minister of Labour yesterday, and in processing this matter for consideration of the house I am not in any sense adopting the expression "depressed areas" or giving any significance to it. I put the matter before the house on the clear understanding that what will be debated will only be the criteria announced in the minister's statement yesterday.

Mr. Churchill: Mr. Speaker, may I intervene again. I appreciate your explanation in regard to the words stated by the Leader of the Opposition, and that you are not interpreting them as expressed in the motion before us; but unfortunately, sir, this motion goes down in the *Journals* and proceedings of the House of Commons and stands there in exactly the wording which has been put forward by the Leader of the Opposition, without any necessary explanation following thereto. This will stand there as a motion accepted by the house using words which, as I and others have mentioned, are completely not in accordance with the statement made by the Minister of Labour yesterday. This raises an entirely new subject.

Mr. Speaker: I think there is some significance in that point. Perhaps the Leader of the Opposition would be willing to use the words of the Minister of Labour, "areas eligible for double depreciation under the program announced in the supplementary estimates", instead of "depressed areas"; if so, it would remove the objection which has been made.

Mr. John Drysdale (Burnaby-Richmond): Mr. Speaker, on a point of order, with respect I do not think it is the function of the Speaker to bring into order an amendment that is out of order by making a suitable suggestion. I would also draw to your attention the fact that when this announcement was made yesterday and members of the opposition spoke in regard to the matter, not one of them used the words "depressed area" or referred to the areas as such. I would therefore suggest that by their very comments at that time they are estopped from bringing it before the house now. I think it is most invidious to suggest that after drafting a very loose, rambling reference they can ask you, sir, to bring it into order.

Mr. Pearson: Mr. Speaker, we on this side have confidence in you as to what should or should not appear in the *Journals* of the house. I do not think you need any advice from government or opposition spokesmen on that score.

Your suggestion, Mr. Speaker, to bring the wording technically and literally in accordance with the words used by the Minister of Labour yesterday is, of course, quite agreeable to me as the mover of this motion, and the motion can be changed in that way. But, Mr. Speaker, I must of course reserve the right, in the discussion of this matter, to refer to these areas as what I think they are, areas of chronic unemployment over the years and therefore depressed areas.

Mr. Speaker: The Leader of the Opposition, is of course, free to use the language he likes in debate, but I do not want this matter to come before the house in any air of uncertainty. Therefore I shall not put the matter unless it is worded to correspond with the words used by the Minister of Labour. There is no question in my mind as to what the Leader of the Opposition is asking the house to do. The words I have suggested are "areas eligible for double depreciation under the program announced by the supplementary budget of December 20, 1960". I take it the Leader of the Opposition is prepared to accept those words.

I have heard the hon. member for Burnaby-Richmond, but as the matter has not yet been put before the house it is quite open to the member who proposes it, and to the Chair, to accept a change. Accordingly I read out the following request—

Mr. Drysdale: On a point of order, Mr. Speaker, before you put the motion—

Mr. Speaker: —of the Leader of the Opposition, that he be given leave to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the inadequate and restrictive character of the criteria to be used as a basis for the designation of areas eligible for double depreciation under the program announced in the supplementary budget of December 20, 1960.

Is the house prepared to grant the hon. member leave?

Mr. Fleming (Eglinton): Mr. Speaker, an issue has now been raised which goes beyond the terms of this present motion. It concerns the authority of the Chair, without any leave from the house, to accept an amendment of a motion that has been introduced.

What is being proposed by you, Mr. Speaker, as I understand your remarks, is

that the Speaker has authority, with the leave of the mover of the motion, to amend the motion. With the greatest respect, Mr. Speaker, I submit that no such authority is reposed, under our rules and practice, in the Speaker of the house. Once this amendment has been presented to the house and read—and it was read—it is then in the custody of the house. While the house, by unanimous consent, can permit an amendment, the only other way an amendment can be disposed of, if it is in order, is by decision of the house on vote.

With great respect, Mr. Speaker, I say that the course which you proposed, if I correctly understood it, is one that goes beyond the authority which the house has conferred upon the Chair. This motion, having been introduced in the form which the mover of the motion chose, has been presented to you and you have presented it to the house. The motion is then in the custody of the house and cannot be amended in the way you propose, simply by direction of the Chair with the leave of the mover.

Mr. Pearson: Mr. Speaker, on this point—

Mr. Speaker: Order. I need not hear the Leader of the Opposition on the point, because I am satisfied the point is not well taken. There is no motion before the house. If the Minister of Finance will recall what took place, the Leader of the Opposition rose and asked for leave to make a motion for the adjournment of the house, under standing order 26. He asked for leave, and that is all that the house has before it so far. It does not even have that request for leave before it, because I have not yet read it from the Chair.

It was proposed in terms of a written request which I have before me, and prior to dealing with the request, as I have to deal with it under standing order 26, I heard argument as to whether the rule was satisfied. In my view the rule was satisfied, except that the wording of the request which was proposed lent itself to some misinterpretation. I therefore propose to reject the statement which the Leader of the Opposition has introduced and to go no further on my own initiative. If the Leader of the Opposition wishes to proceed from there, he is at liberty to do so.

Mr. Pearson: Mr. Speaker—

Mr. Speaker: I hope the Leader of the Opposition realizes the significance of what I have said. It is that I do not accept the statement in the wording in which he has submitted it, but as I have indicated to him, I am prepared to accept it in the terms which I took the liberty of suggesting would be sufficient to clarify the matter before the house.

Mr. Pearson: Again, Mr. Speaker, I am grateful to you for having brought this discussion on the point of order to an end, and for having accepted this motion in the terms in which you have now put it forward to the house.

Mr. Speaker: The Leader of the Opposition will have to put it forward in the terms which I suggested, before it can be moved.

Mr. Pearson: Mr. Speaker, I now ask leave, in accordance with your suggestion, to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the inadequate and restrictive character of the criteria to be used as a basis for the designation of areas eligible for double depreciation under the program announced in the supplementary budget of December 20, 1960.

Mr. Speaker: The Leader of the Opposition asks for leave to move the adjournment of the house, under standing order 26, for the purpose of discussing a definite matter of urgent public importance, namely the inadequate and restrictive character of the criteria to be used as a basis for the designation of areas eligible for double depreciation under the program announced in the supplementary budget of December 20, 1960.

Has the hon. member leave to make his motion?

Some hon. Members: No.

Some hon. Members: Yes.

Mr. Speaker: The rule is satisfied. Mr. Pearson, seconded by Mr. Chevrier, moves the adjournment of the house.

Mr. Pearson: Mr. Speaker—

Some hon. Members: One o'clock.

Mr. Pearson: Mr. Speaker, may I call it one o'clock.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, this motion we have made to adjourn the house was put forward for the purpose of dealing with a matter which is, we think, not only of very great importance but also of immediate urgency because it deals with a proposal put

forward by the government in the hope that it will alleviate the unemployment situation in certain areas. We all know the seriousness of that situation generally, but it is of particular seriousness in particular areas. Presumably, to deal with that aspect of the situation, the government brought forward yesterday certain regulations laying down criteria to be used—and I am quoting from the motion—as a basis for the designation of areas eligible for double depreciation under the proposals of the budget of December 20.

When the Minister of Labour (Mr. Starr) introduced these resolutions yesterday he stated that these areas eligible for double depreciation under that program would be areas where there had been a substantial degree of continued unemployment over the years, and the Minister of Finance (Mr. Fleming) in his budget statement of December 20 referred to those areas as areas of chronic unemployment. The budget about which the Minister of Finance was speaking when he made that statement was that which included the policy referred to by the Minister of Labour yesterday in announcing these regulations and putting forward these proposals.

We think it is quite reasonable to refer to those areas not only as areas of chronic unemployment, as the government has done, but as depressed areas. An area of chronic unemployment within the meaning of the terms used by the Minister of Labour and the Minister of Finance is, in our view, a depressed area. We do not see why there should be any squeamishness attached to the use of this expression. It is a word commonly used to characterize certain unfortunate areas. It has been used in the hearings before the Senate committee on manpower and unemployment. Indeed, it was used in the statement made before that committee by Professor Judek of the University of Ottawa on February 2. Professor Judek is no doubt well known to the Minister of Labour and, in fact, I believe his services have been used by the Department of Labour. In his own report to that committee the professor uses as a heading to one of his subparagraphs the phrase "full employment and depressed areas". So we think it is not improper to use that expression.

But it is not the expression itself that matters or how we designate these areas; it is what we are going to do in order to take them out of this condition of employment depression. For that purpose the government, at long last, yesterday produced some regulations. The purpose of these regulations and the policy behind them were announced as far back as December 20, 1960 when the Minister of Finance in that statement to which I have already referred had this to say as reported on page 1007 of *Hansard*:

> As a powerful incentive—

I say at once that we do not think these regulations constitute a very powerful incentive. But the minister said:

> As a powerful incentive to these ends—

The ends mentioned were the encouragement of initiative and enterprise and employment.

> —I am pleased to announce measures to fulfil three major purposes: first, to assist new industries in areas where there is a substantial degree of continued unemployment over the years; second, to aid the development of new products from processing operations not hitherto carried on in Canada; and, third, to encourage the production of new types of goods. Double depreciation will, at the option of the taxpayer, be allowed in respect of capital expenditures incurred in the first year for these purposes but may be applied in any of the first three years.

Then the hon. gentleman went on, and these are the words I have already referred to:

> In some areas changing economic conditions have created a degree of chronic unemployment which requires special action.

Presumably the regulations introduced into the house yesterday by the Minister of Labour are designed to constitute that special action. It may be special, but it is not likely to be effective in the light of the problem with which it is meant to deal. Furthermore, at any time since December 20, or indeed before that date, this action could have been taken by the government. I know that the Minister of Finance, when we urged the designation of these areas and when we urged that action of this kind should be taken, replied by saying: we have to deal with the budget resolutions first. He abandoned that position last evening when he said as reported on page 2611 of *Hansard*:

> —the matter is one for executive action within the terms of the existing legislation.

If that means anything at all it means that this kind of action could have been taken as executive action at any time since December 20 last by the government. If the government on December 20 or even previously, had an appreciation of the seriousness of the situation, as we on this side have had, surely it would have taken that action before now.

We did our best at that time to prod the government into action. We asked question after question as to when these areas were to be designated, how they were to be designated and which minister was to be responsible for implementing the policy in the statement of the Minister of Finance on December 20.

We asked if the Minister of Trade and Commerce (Mr. Hees) was to be responsible and we could not get an answer. We asked if the Minister of Labour was to be responsible and we could not get an answer. We then asked if the Minister of Finance was to be responsible and we could not get an answer. I think it was on Tuesday of this week when we asked the Prime Minister (Mr. Diefenbaker) and that hon. gentleman said, finally, that the Minister of Labour would be responsible for this matter and yesterday the regulations themselves were introduced and put on *Hansard* by the minister.

This kind of laboured, indecisive and late action is in startling contrast to that which has been taken quickly, decisively and effectively in Washington by the new president of the United States. This could have been done by the government at any time within the last three years. It was done in Washington within a few weeks of the accession to office of the new president who almost at once submitted to congress a measure not only dealing with general principles of assistance to depressed areas but designating 99 areas of the United States as depressed areas, taking the responsibility for them and asking congress to deal with them in legislative terms.

That is how action could have been taken in this country under existing legislation at any time since this serious unemployment problem confronted us. However, yesterday we did get the regulations. It is our contention that the regulations as they were put forward by the minister are inadequate and indefinite. To the extent that we can understand them they seem in some cases to be entirely unworkable and they are, in the light of the problem that faces the needy areas, surely quite unsatisfactory. They apply double depreciation to the specified areas established by the criteria laid down, but double depreciation is to be applied for one year and one year only. That year is to begin from any one of the first three years when the industry moves in.

I ask you, Mr. Speaker, what kind of incentive is that for an industry to move into an area which is already depressed? The government proposes to extend double depreciation for one year only. But the regulations as we have them before us are not likely to accomplish the purpose that I know the minister has in mind in putting them forward. They appear in dramatic contrast to the stand that this party has taken more than once in the last three years that this weapon of tax depreciation, if it is to be used against unemployment, should be used vigorously, quickly and decisively and that its application should be more comprehensive than is indicated in the proposal introduced yesterday and now before us.

Before leaving the regulations themselves let me say that we expect during the course of the afternoon to hear from the Minister of Labour what the regulations actually mean in terms of application. We hope that the hon. gentleman will be able to clear up some of these difficulties of uncertainty that have already begun to make themselves felt throughout the country and to remove at least some of the disappointment that is being experienced concerning the inadequacy and ineffectiveness of these regulations.

Not only are the regulations inadequate but the procedure for their application to accomplish the purpose the government presumably has in mind is very difficult to understand and surely it represents a further abdication of responsibility by this government.

Who takes the initiative in this matter? Who starts the ball rolling, even this ball? It is not the federal government which does so, but the municipalities; they take the initiative. "Do it yourself," says the government to the municipalities. "If you feel you are a depressed area, tell us you think you are a depressed area and then we will see whether you fall under the criteria which we have laid down in the regulations. Ask us to investigate," says the government.

The government has this responsibility now. As I said a few moments ago, the government at any time in the last three years could have taken the initiative by order in council in accordance with the criteria which it has laid down in designating depressed areas and taking the necessary action to get them out of that category of depressed areas. The government has not done that. So far as we know, no order in council has been passed.

We pressed the Minister of Finance yesterday to find out whether any orders in council had already been passed under the income tax legislation which is now in effect. We have the right to deduce from the minister's silence that no action of any kind has been taken. We ask the minister now, how is action going to be taken under these regulations? Is there going to be a general order in council covering all applications which would simplify matters or is there to be required a separate order in council for every municipal request for assistance of this nature which has been found acceptable under these regulations?

We would like to get an answer from the government to that very important question and I am sure the municipalities would like

to know that at once. That is one of the reasons we have pressed for discussion of this matter this afternoon.

In explaining these regulations yesterday, as reported at page 2569 of *Hansard*, the Minister of Labour had this to say:

> Hon. members of this house will recall that one objective of this program is to assist new industries in areas where there has been a substantial degree of continued unemployment over the years.

We will find out in a minute what "over the years" means and how this will limit the applications of some of the areas of this country which need help most. The minister continued:

> Areas which meet the following criteria may qualify under this program.

Presumably if an area does not meet these criteria it cannot qualify under this program. The minister then proceeded to set out the criteria. He said:

> They are broken down into two categories; areas with a labour force of 10,000 and over, and areas with a labour force of less than 10,000. In those areas where the labour force is 10,000 and over the criteria are first, the area must have been classified by the Department of Labour in a surplus labour market category—

A surplus labour market category is a category that has already been established over the years by the Department of Labour and presumably that would be the category that would be used now. The minister continued:

> —the area must have been classified by the Department of Labour in a surplus labour market category for 75 per cent or more of the 48 summer months—

Those are months when unemployment is lowest. I continue:

> —from May to October, 1953-1960. Second, industrial employment must have declined over the period 1953-1960.

That is presumably over a period of eight summers.

Then, he went on:

> Areas with a labour force of less than 10,000 must have been classified by the Department of Labour as in a surplus labour market category—

Again, we know what that means.

> —for 50 per cent or more of the 48 summer months May to October, 1953-1960.

It is interesting to note the distinction made in these words. The words used are not:

> Second, industrial employment conditions must have declined over the period 1953-1960.

That is what was stated to be necessary in the case of areas of 10,000 and over. The words used here are:

> Second, industrial employment conditions must have generally deteriorated over the years.

[Mr. Pearson.]

Let me interpret in more specific terms and in accordance with the practice of the Department of Labour, Mr. Speaker, what these words apparently mean. First, the ratio of applications for employment on file with the national employment service to be paid workers including those looking for work must have exceeded 7 per cent for 24 or more summer months from May to October, 1953-1960. I ask the minister to inform the house how the Department of Labour is going to calculate that ratio in relation to areas below the 10,000 population? How is the Department of Labour going to do that? Is there any method now by which that can be done under the procedures already followed by the Department of Labour?

I call attention also to the fact—and it was mentioned last night by my hon. friend from Essex East—that the calculation is presumably to be made in relation to the applications for employment on file in the national employment service. This is a calculation that has been rejected by the government in relation to unemployment discussions in this house. They will have none of it. The bureau of statistics random sampling is to be the calculation accepted, and we in this house have accepted it as the basis of our discussion of unemployment and we use it as the statistical evidence of unemployment. But it is not used in these regulations. For some reason or other the government goes back to that calculation which it had rejected and uses now the applications for employment on file with the national employment service.

The second calculation is that industrial employment must have generally deteriorated over the years. I ask the minister once again what does he mean by that? How is that calculation to be applied to municipalities under 10,000 and then, again, in the areas of 10,000 or more? The principles enunciated by the minister seem to mean that the ratio of applications for employment on file with the national employment service to be paid workers including those looking for work must have exceeded, according to the Department of Labour, (a) 6 per cent in industrial areas of 25,000 or more for 36 or more months from May to October, 1953-60; or (b) 7 per cent in areas below 25,000 and above 10,000 for 36 or more months from May to October, 1953-60, and industrial employment must have declined over the period 1953-1960.

Let us take the latter criterion first. To qualify for this kind of help, inadequate though it will be, in depressed areas as an incentive to getting new industries in those areas, industrial employment must have declined over the period 1953-60.

When the minister was putting these regulations forward yesterday he gave two examples of communities which in his opinion would qualify under the regulations. He mentioned Elliot Lake and Springhill, Nova Scotia. I should like him to explain to the house how under this criterion Elliot Lake could possibly qualify for this kind of assistance, although goodness knows no community in Canada, as an area of depressed conditions and unemployment, needs more assistance than Elliot Lake does at this time. Elliot Lake did not exist as a community in 1953, and yet to qualify for help Elliot Lake will have to prove that industrial employment declined during the period 1953-60. It is going to be very hard to prove decline from zero, because there was no employment in Elliot Lake in 1953.

I ask the minister how Springhill qualifies under these regulations when the disasters which have attacked Springhill in recent years began, not in 1953 but in 1956? I remember, also, Mr. Speaker, that in the application of this criterion the government has taken a period of eight summers. Four of those were good summers of high employment and prosperous conditions. They took four peak summers and four not so good. If they are to use the years after 1956, they have to qualify by averaging out the employment in those earlier years with the years of recession. I ask the minister how he is going to reconcile that kind of criterion with communities like Elliot Lake and Springhill?

These preliminary observations show how inadequate, how ineffective and how indecisive these regulations are. They have all the earmarks of something having been thrown together in a hurry because something had to be produced in this house. After three and half years of unemployment conditions and of recession, the government finally comes to this house and says, yes, we will do something about the depressed areas; we will do something by regulations that are now introduced this week, in March 1961. They are regulations which are entirely inadequate to meet the problem before us and which indeed are very difficult for any person to understand, let alone the municipalities which are given the responsibility of initiating action, a responsibility which should be that of this government.

Mr. Brunsden: Will the Leader of the Opposition permit a question?

Mr. Pearson: Yes.

Mr. Brunsden: He has referred to Elliot Lake. Will he admit that the Elliot Lake program was initiated by the government of which he was a member?

Mr. Pearson: Indeed, I will admit it, Mr. Speaker, and I am glad the hon. member has reminded me of it. He has brought the subject up and I will be glad to deal with it.

Mr. Brunsden: May I finish my question?

Mr. Pearson: Yes.

Mr. Brunsden: Will he admit that part of the Elliot Lake trouble today is owing to the fact that there was not a definite long term contract for the marketing of uranium?

Mr. Pearson: I would be glad to explain that to my hon. friend. Elliot Lake as a community originated because of the initiative and enterprise of the preceding government in working out a contract with the United States for five years, a contract which was criticized in this house by the opposition of that day because it covered too long a period.

An hon. Member: For five years.

Mr. Pearson: For five years, and the leader of the opposition of those days criticized us because we were tying up our uranium for such a long period. I recall that very well, and I have Mr. Drew's observation very clearly in my mind.

Mr. Speaker: I think the hon. member who initiated the questions and the hon. member in replying are getting away from the point of the matter in debate. It is true that the present condition of Elliot Lake is in issue, but not the negotiation of the uranium contract and subsequent events.

Mr. Pearson: Surely if the question is in order, Mr. Speaker, you will permit me to answer it. The only thing I wish to say to my hon. friend is that the responsibility for the situation in Elliot Lake today rests entirely on the government.

Mr. Speaker: Order. I must point out to the Leader of the Opposition that the question really led away from the proper subject of debate. It was not properly in order. Because the question was asked I have allowed the Leader of the Opposition a reasonable time to deal with it, but it would not be in order to go further into the matter.

Mr. Brunsden: On a point of order may I say this. The Leader of the Opposition mentioned Elliot Lake as a specific example. I felt I had a perfect right to ask a question with respect to the initiation of that community.

Mr. Speaker: It is true that Elliot Lake has a connection with the matter under discussion, namely the qualification of areas for

double depreciation. That is the context in which it is relevant to the discussion to mention Elliot Lake.

Mr. Pearson: Would it be permissible to discuss the question of why Elliot Lake is a depressed area today and is in need of this assistance?

Mr. Speaker: I would think not; that is why I rose.

Mr. Frank Howard (Skeena): Over the past number of years, Mr. Speaker, the Minister of Labour (Mr. Starr) has been given a certain modicum of respect and admiration because of his geniality and his obvious sincerity in dealing with the matters that come under his department. I am afraid there will be a detraction from that stature to which he rose by reason of the fact he has obviously become a pawn of the cabinet in the game of trying to mislead—

Mr. Speaker: Order; the hon. member's argument is directed entirely to the person of the minister and not to the subject under consideration. The geniality of the minister is not in issue.

Mr. Howard: I was attempting to lead into a discussion of the responsibility of the government and the responsibility of the Department of Labour. Inasmuch as he is the minister, genial though he may be, who introduced this particular item yesterday, I felt it was necessary to relate the functions of the department and the minister's role in the cabinet to the cabinet as a whole. Over the past few years we have seen an increase in the role the Department of Labour is apparently playing in economic matters. This department was given increased authority and was supposed to be a new powerhouse in so far as the economy was concerned. The announcement made yesterday, I think, was an indication of the inability of the Department of Labour to meet this increased responsibility that has fallen upon its shoulders. I am of the opinion that there is practically no one in the department who is able to assess the effect of all the forces upon the economy and come up with any sensible approach to these problems. The announcement made yesterday in connection with this double depreciation factor is an indication of this.

The director of economics and research, I believe it is, of the Department of Labour, Mr. Dymond, appeared before the Senate committee on manpower and employment. He presented a well worded brief dealing with the economy of the nation. However, he made no conclusions, or no recommendations and the brief was not of an analytical nature. Almost any grade 12 high school student could have written this type of brief about the economy.

The announcement concerning this double depreciation that will be allowed indicates also that we have a government that has a great love of the past but relatively little understanding of what might take place in the future. The setting of the period 1953-60 as the base period for determining whether or not an area will be eligible for double depreciation may be quite all right, but there is not one iota of sense in forgetting about the growth and expansion factors in the economy or those people who will be in the working force of our nation in 1961, 1962, 1963, and later years.

I feel that it is extremely unfortunate that the government has brought this matter forward in this form. It is extremely unfortunate for the areas that might be involved, and for the economy as a whole. It is an indication I believe of insufficient concern—I will not say lack of concern—or insufficient knowledge of the factors at play in the economy. It is an indication of insufficient concern for the welfare of the working force of the nation in those areas to which this double depreciation system may apply. The result of this provision will be to place those few areas in which it might apply in a sort of economic strait-jacket. I do not believe any straight statistical formula can be devised which would enable one to say: if you meet this test you may get some assistance; if you do not meet it, then you will not. I think it is unfair and discriminatory in that it seems to apply a mechanical and arbitrary test to depressed areas which did not become depressed areas as a result of any mechanical or arbitrary methods in the first place.

The Leader of the Opposition (Mr. Pearson) has dealt with the question of the government's selection of the months over the past eight years in which employment was high. I should like, then, only to mention it briefly in passing in order to emphasize that the months of June, July, August and September, the four months referred to, are the ones in which we have the lowest number of unemployed. What the minister is saying is that the government feels it will assist those areas which meet these tests that are based on a period when unemployment was the lowest, and it was only during the last four of those years that a high degree of unemployment actually emerged. With respect to some areas, the minister is saying that the four last years have to meet the test, and I think he is a little closer to the truth in that test because

those were the years during which this government was in office. I am not implying that the Liberals were any better.

In any event the minister is saying, in effect, that this proposal which purports to be a solution to the problem is repealed before it is enacted because it will not matter that much, the snap of a finger, in many places. As a matter of fact, the statistical requirement is coupled with a demand that there be a general decline in employment over the years. This assumption is entirely contrary to what the Minister of Finance (Mr. Fleming) said during the budget debate last year. He told us then that the problem of unemployment was solved. When we question them about unemployment, the answer which we regularly receive from this government, because they have not the intestinal courage to face up to the facts, is that the number of those employed has risen. We are told that there has been a regular increase in the number of people employed. If this is the case, then why tie these statistical criteria to a decline in employment in these particular areas? Either the hon. gentlemen were not being forthright in the years past and in the months past when they said there was an increase in the number employed—this was the answer to those who were accused of harping and carping about the number of unemployed—or else the indication in this plan that there must be a decline is not going to be an effective test at all.

In my opinion, this is just another mess of Tory garbage which means nothing. This announcement is designed to hoodwink the workers of this nation into thinking that this government has finally, after four years, come up with a solution to the problem of unemployment. Here is a government which has said over the past three or four years that there was no unemployment problem, but now it has finally come up with a solution to this problem. When the workers of this nation study the proposal, they will find there is nothing in it; it will prove to be just as empty as are the promises this government made before it got into office.

The only practical way in which this question of depressed or chronic unemployment areas can be dealt with is by making an assessment of the essential causes of the unemployment in these areas. This must be done before anything positive can take place. We must make a detailed examination to find out the original causes, because there are a variety of causes in different parts of the country. In one area the unemployment may result from one thing and in another it may result from something else. There are a variety of factors responsible for this increasingly difficult situation.

The plan announced by the minister does not take into account the fact that unemployment is caused by different factors. His announcement suggests that Canada is equal in so far as concerns its chronic unemployment areas. Each area in Canada must meet the same set of circumstances before it can qualify for relief from its distressed condition. The government in its announcement has not taken into account any of these varying factors and the plan is only to be instituted for an interim period of time.

Has any thought been given to technological changes? Is this fact reflected in the statement made by the minister? Displaced workers who require new skills in order to secure employment have not been considered. Has any consideration been given to the decline of industry in certain areas? Is that something which should be taken into the picture? Some areas have experienced migration of industry because of a disappearance of resources, transportation difficulties and other similar changes. As reflected by the announcement of the minister, no account has been taken in this regard. Certainly there has been a depletion or exhaustion of certain natural resources in some areas, and this situation should be considered in order to arrive at equitable relief. Has any consideration been given to these various conditions as reflected in the minister's announcement? No, Mr. Speaker, no consideration has been given. Has the government considered the change in imports and exportations and the effect these changes have upon certain areas? This again is not reflected in the statement of the minister. Has any consideration been given by the government to the lay-offs that have taken place in the last year? No, this has not been taken into account. We have in this country certain areas that rely on the establishment of one industry, such as the oil industry, the steel industry, or in my own area of Kitimat, the aluminum industry. Has any account been taken of the situation that exists in this regard? No account has been taken of these factors at all. Has any consideration been given to population shifts, higher wages, social capital, decline in revenue, the existence or non-existence of local community facilities such as roads, streets, electricity, sewage and water facilities? The minister's statement does not reflect any consideration in this regard. Has the effect of the government's fumble bumble fiscal policy been taken into account? No, Mr. Speaker, it has not.

These items I have enumerated represent basic causes for the existence of the many depressed areas. In his statement the minister is proposing to disregard all of the factors. He says in effect: let us come up with a formula that will sound nice and read well in the newspapers and hope it will be acceptable to the country before it finds out that we have hoodwinked it, and before it finds out that we do not have much concern for the difficulties which exist.

The economic decay that has existed in some communities as a result of chronic unemployment will certainly not lead to the attraction of industry to those communities regardless of the double depreciation of which the minister speaks. This is a malignant social sickness that exists in some areas of chronic unemployment resulting from the factors I have mentioned. Some industries will not locate in areas regardless of the chronic unemployment and regardless of the incentive of a depreciation nature put forward on behalf of the government. Industry will always look for a community or area in the light of existing facilities such as transportation, communication, closeness to markets and natural resources, living and social conditions, roads, bridges, electricity, sewerage systems and the like. Those are the factors which influence the location of industry rather than this double-talk about double depreciation. The double depreciation will have much less ininfluence on the location of industry than will the existence of the facilities I have outlined.

This announcement is a great disappointment which has been foisted upon parliament and the people of Canada. Apart from the fact that his department is obviously unable to cope with the economic situation, and apart from the fact that it may help in some small way, this stingy policy of the Minister of Finance is a great disappointment. Double depreciation on a set formula varying only as between 75 per cent and 50 per cent in regard to the over-10,000 population areas and under-10,000 population areas is based on the assumption that every depressed area in Canada is equal in so far as concerns the conditions resulting in chronic depression, but this is not a fair approach. It is true that these areas are equal in so far as the depression is concerned, but it is not true that they are equal in so far as the cause of the depression are concerned except for the fact that the people in the areas are living under a Conservative government.

Mr. Speakman: Would the hon. gentleman permit a question?

Mr. Howard: I will not permit a question at the moment in view of the shortage of time. If the hon. member will wait until I have finished my remarks I shall be pleased to listen to his questions, provided he agrees not to distort my answers in the way he usually does.

An hon. Member: You cannot take it.

Mr. Howard: We are getting side comments from my divorce partner down at the end, Mr. Speaker. He is from an area falling perhaps in this category and he of all people should be concerned with its problem. My hon. friend from Cape Breton should also be concerned in regard to these areas of depression.

Mr. MacInnis: I will have a question to ask when you are finished.

Mr. Howard: It is obvious that my friend from Cape Breton has only questions and no answers.

Mr. Brunsden: I rise on a point of order, Mr. Speaker. The hon. member referred to my colleague as his divorce partner. His divorce partner is his own party.

Mr. Howard: I would suggest, Mr. Speaker, that I have more independence in my party than the hon. member has in his. We do not operate in any political strait-jacket as do the Tories. Mr. Speaker, these interjections are obviously contrary to the rules and are leading me away from the point I was dealing with.

Mr. Speaker, as I indicated earlier, in order to deal with this question we must have a full and complete investigation in regard to the various areas which are depressed. An announcement such as that which the Minister of Labour made yesterday will have relatively little effect on this problem. Surely there exist somewhere in a government agency or in the Department of Labour itself, individuals who are capable of dealing with this question. We must have an assessment of the causes of unemployment which lead to the chronic depressed areas. We need an assessment and investigation of the causes for these areas becoming chronic depressed areas. We must find an answer based on the elements of the unemployment, not an answer directed to creating incentive. The second suggestion I would make, and we have been advocating this for many years, is the creation of a national development council with money and authority at its disposal which could base its actions upon the results of inquiries, which are necessary in order to improve the situation.

Mr. Churchill: Mr. Speaker, I am rising on a point of order. As I understand the motion now before us, it is to discuss, in the words

of the opposition, the inadequate and restrictive character of the criteria to be used as a basis for the designation of certain areas. It does not follow along the lines that the hon. member is now pursuing, advocating some other method of dealing with problems in the country. The debate should be restricted to criticizing, if necessary, the criteria that have been proposed and suggesting alternative criteria. It should not go any further than that.

Mr. Howard: Perhaps I may speak on the point of order before you deal with it, Mr. Speaker. Those of us in the C.C.F. party are by past practice and guidance inclined to think in positive terms rather than in negative terms. So we must then look toward alternate systems.

The criterion that is established is a statistical one. The criteria that should be established should perhaps be partially statistical, but should also reflect these other factors. The criteria should be, government policy dealing with the question of lending money, grants to local authorities to improve their facilities, loans to industry, transporting workers from one area to another, acquiring sites and the establishment of crown corporations if necessary.

These are alternative criteria for dealing with the question of chronic unemployment, and there should be an announcement of government policy on this important matter.

Mr. Churchill: They are not alternative criteria; they are alternative methods.

Mr. Speaker: Order. The subject of debate is really much narrower than the hon. member for Skeena is now defining. The point of order having been taken, I give the hon. member my opinion that it is limited to the basis for the designation of areas which are eligible for certain tax treatment; that is, the criterion by which those areas may be ascertained or named.

It does not include the remedies for unemployment in those areas or anything of that kind, but only the method by which the areas which are to receive this special treatment may be ascertained. In discussing the national productivity council, which was a very limited diversion, on his part the hon. member was entering some outside field. I did not consider it worthy of intervention; but since the point has been taken, I have defined the limit, as I see the debate.

Mr. Howard: Mr. Speaker, I may be wrong about this, but I thought you assumed that I had mentioned the national productivity council. I did not do so. In any event, as you yourself said—and I agree with you here—the motion before us cannot deal with remedies for unemployment. This is obviously so, because the plan announced yesterday does not deal with remedies either. I agree wholeheartedly with that suggestion.

Inasmuch as I am prevented from going into the positive field because of the objection of the Minister of Trade and Commerce, who obviously does not wish positive suggestions to be made because they are embarrassing to a government that has none of its own, I will deal very briefly with the criteria themselves.

I mentioned that the reason they are restrictive is that they assume that in all cases the reasons are the same. They take the months of the year in which there is likely to be the lowest level of unemployment. They take a sufficient period of time so that the bad years under the Tories, when we had high unemployment in the summer, will be counterbalanced by the years preceding them when there was less unemployment in the summer

If you are going to use a statistical system, I suggest this should happen. Perhaps I could make reference to the announcement of the minister yesterday. He said that the second requirement, in so far as areas over 10,000 are concerned, is that industrial employment must have declined over the period 1953-60. I say that condition should be eliminated. I say that because it is one of those conditions which will very seldom be met, if there is any truth in the remarks made previously by the minister that employment has been increasing. I say this condition should be eliminated and should not be part of the statistical requirement.

In so far as areas of less than 10,000 are concerned, I do not know what the difference is between these two references, but one refers to the fact that industrial employment conditions must have generally deteriorated over the years. I do not know whether that means over the eight years mentioned, over the years to which the Prime Minister (Mr. Diefenbaker) referred, or to what years it does refer. But in any event this should not be part of the statistical requirement. It is restrictive and will prevent many areas from participating.

In so far as the 75 per cent and 50 per cent are concerned, this government would be much closer to dealing with the problem and would be much more able to gloat about what it does if it were to take a straight percentage figure of the total labour force in the area as compared, perhaps, with the national figure. The government should take a total figure of, say, 4 per cent or 5 per cent as a yearly figure and then deal with it on

that basis, rather than, as I said earlier, practically repealing the plan before it even comes into effect.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, would the hon. member who has just resumed his seat permit a question? Since he has made reference to the bungling of this government, I should like to ask the hon. member whether he now places himself on the side of a company which has refused further government aid in order to alleviate the unemployment problem in my area.

The hon. member has a choice here; he either supports what the government tries to do, or he supports this company. I ask him what his choice is.

An hon. Member: There are a number of things wrong with this sort of question.

Another hon. Member: These is nothing wrong with the question.

Mr. Howard: There is something wrong with the person who asks it.

An hon. Member: Personalities do not enter into this.

Mr. Woolliams: Mr. Speaker, I rise on a point of order. The hon. member who has just resumed his seat has said there is something wrong with the hon. member who asked the question. It seems to me that casts a slight on the hon. member referred to, and surely the hon. member for Skeena appreciates that this is unparliamentary.

Mr. Speaker: Order. It is unnecessary for another hon. member to deal with the point of order. I would think one would have to be very susceptible indeed to take objection to a generality of that kind. If the wrongness were specifically designated, there might be a question to be considered.

Mr. Howard: Mr. Speaker, for the edification of my friend from Bow River, may I say that it was a political wrong.

Mr. MacInnis: Mr. Speaker, if I may—

Mr. Howard: Mr. Speaker, I should like to answer the question.

Mr. MacInnis: I will ask another question that is more civil.

Mr. Speaker: Order. The hon. member has asked his question and the only thing that would be in order at the moment would be an answer from the hon. member for Skeena, if he wishes to answer. Otherwise I will see the next hon. member who wishes to speak.

Mr. Howard: Mr. Speaker, what is wrong with the question is that it does not elucidate anything; it does not tell me what the company is, what the arrangements were, or anything else. Apart from that, the hon. member should know that the rules—as you, Mr. Speaker, have previously told the house—are such that if I were led into answering a question which was out of order, I would get halfway through the answer and would be stopped. The answer would be incomplete, and this would not be desirable.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: No.

Mr. MacInnis: Mr. Speaker, I did not intend at this time to make any remarks on this particular question, but I should like to say this for the benefit of my friend who has just resumed his seat. Considering the problem with which we in Cape Breton are faced, it very surprising to me to find someone from the C.C.F. party standing up in this house and saying that they are not aware of this problem.

Mr. Howard: That is not what I said, and you know it.

Mr. MacInnis: I have asked a question. I have stated my point. They have on occasions tried to place themselves on a pedestal as far as the miners of Cape Breton are concerned, and now we have a member of that party telling the people of Cape Breton that they are not aware of what the problem is.

To the hon. member in the far corner, who implied in his speech that I was the fellow with all the questions but none of the answers, I might also say that I put forward my solution to this problem and I contacted members from all parties of this house. I might also add that the members from his party, who persist in saying that they are interested in the Cape Breton coal miner, did not even have enough courtesy or enough interest in the miners to answer this correspondence.

An hon. Member: Shame.

Mr. MacInnis: This is the party which so freely admitted here that they are not aware of what our problem is. I have made many efforts in this house to put that problem before them—

Mr. Howard: I should like to raise a point of order, if I may. May I say that if the hon. member directed a communication to me he did not address it correctly or he did not send it, because I received no communication whatsoever.

Mr. MacInnis: I never indicated at any time that I had addressed any communication to the hon. member for Skeena. I value my time a little more than that. However, from the members of the hon. member's party to whom

I did direct this correspondence I have received no co-operation of any kind.

Mr. Howard: Name the members.

Mr. MacInnis: That would not be in accordance with the rules of this house, either.

Mr. Argue: There was no correspondence.

Mr. MacInnis: I think there was, and I would respectfully advise the leader of that so-called group in the corner to consult with his colleagues. He will find that there has been correspondence directed to several of them. I should like to see every one of them get to his feet and deny that he received such correspondence.

The Acting Speaker (Mr. Rea): The hon. member is straying from the resolution before the house. There is nothing in the resolution about correspondence between various parties.

Mr. MacInnis: As I said when I rose, I did not intend to take a very active part in this debate, but I should like to refer for a moment to the remarks of the Leader of the Opposiiton. While the hon. gentleman was speaking he indicated that the Minister of Labour had implied that Elliot Lake would be one of the areas which would qualify. I should like to point out here and now that the Minister of Labour said no such thing. He cited examples of areas which might qualify but at no time did he indicate that Elliot Lake was one of the areas which would come under consideration. That is as far as I intend to go at this time.

Mr. Martin (Essex East): May I ask the hon. member a question? In view of the high level of unemployment prevailing in Cape Breton and particularly in the hon. member's own constituency does he not think that area should be included within the terms of this proposed policy? Is he not aware that Cape Breton and the hon. member's constituency are not included and cannot qualify?

Mr. MacInnis: If I were to take the statistics of the hon. member for Essex East and refer for a moment to the accusation he made with respect to the city of Sydney in this house some months ago, the hon. gentleman would recall that he was very emphatic on that occasion and tried to drive home the point that Sydney was a depressed area—

Mr. Martin (Essex East): It certainly is.

Mr. MacInnis: The hon. member says it is. He had much to say last night about which areas were depressed, and I notice from the account in *Hansard*—

Mr. Martin (Essex East): It does not qualify.

Mr. MacInnis: —that the hon. member has eliminated it.

Mr. Martin (Essex East): The government has eliminated it.

Mr. MacInnis: The hon. member insisted it was a depressed area, yet last night he left it out.

Mr. Martin (Essex East): Does the hon. member not realize that if I did not include his constituency it was because the policy announced by the government which he supports does not include it?

Mr. MacInnis: From that statement am I to take it that the hon. member for Essex East is now withdrawing the statement he made in this house several months ago?

Mr. Martin (Essex East): I withdraw nothing. You should be looking after your unemployed.

Mr. Eldon M. Woolliams (Bow River): Coming as I do from the constituency of Bow River, I am interested in this motion because of a particular situation which exists in that area. May I say, first of all, that I am well aware of the terms and conditions of the present debate. I know this is a motion which, in effect, criticizes the conditions set out by the Minister of Labour on November 2 last with regard to the application of double depreciation allowances to certain localities. I can speak with some feeling on this subject because I come from an area where there has been unemployment in the coal mines for between ten and 15 years. I am referring to the Drumheller area.

These coal miners are engaged in mining what is known as soft domestic coal and because of competition from natural gas and petroleum fuels they have been thrown out of work and kept out of work for a number of years. So it is not my intention, as far as that situation is concerned, to blame anyone for what has occurred. Surely, what all of us should be asking is this: what can we do to help in a situation of this kind? Let us make no mistake about it. The situation as far as unemployment is concerned existed when this government took office; and I am sure as I stand in my place today that the workers of this country whether they live in western Canada or in the rest of Canada have confidence in the Minister of Labour and in this government.

An hon. Member: Call an election and let us find out.

Mr. Woolliams: We have heard that cry about calling an election before. The opposition asked us to call an election in 1958 and

the C.C.F. almost got wiped out. It is only by the grace of God that a few of them are left.

Returning to the terms of the motion, I think this would be a good time to review exactly what the Minister of Labour said in reference to the criteria which have to be established in connection with this double depreciation allowance. He said this as reported in *Hansard* on page 2569:

> Hon. members will recall that one objective of this program is to assist new industries in areas where there has been a substantial degree of continued unemployment over the years.

That is the first point I wish to make. There has been substantial unemployment over the years in the area of Drumheller where the coal miners have been mining soft domestic fuel. The Minister of Labour has come to grips with the situation and set criteria defining those areas to which we intend that industry should be attracted. No one is going to say in this house today that there are no areas in which serious unemployment exists. There was serious unemployment in 1955 and in 1957 and there is serious unemployment in 1961. There is, too, serious unemployment in the United States, as the hon. member for Essex East mentioned last night when we were discussing this subject.

The areas affected are broken down into two categories: areas with a labour force of 10,000 and over, and areas with a labour force of less than 10,000. In the minister's statement we find the following:

> In those areas where the labour force is 10,000 and over the criteria are, first, the area must have been classified by the Department of Labour in a surplus labour market category for 75 per cent or more of the summer months from May to October, 1953-60.

That is the first criterion applying to the first group. Here is the second one:

> Second, industrial employment must have declined over the period 1953-60.

Those are the criteria in the first category set out by the minister on March 2. Let us take the second category, that of areas with a labour force of less than 10,000. In the first place, these must have been classified by the Department of Labour as in a surplus labour market category for 50 per cent or more of the 48 summer months May to October, 1953-60. In the second place, industrial employment conditions must have generally deteriorated over the years.

Last, but not least, applications may be made by the municipal authorities. That is the part of the statement with which I want to deal for a few minutes. If we set out in law those areas to which this formula should apply, it would be too rigid and there would be no flexibility. That is the very thing about which some of my hon. friends in the corner spoke with respect to another matter. They thought it was not flexible enough.

If you attempt to set out in law specific, designated areas there is no question but that it would be highly improbable that you could designate all the areas without missing one or two or more and would make bad exceptions. That is the point.

Under the present proposals the question will be handled in a democratic way with the initiative and suggestions flowing from the municipal level to the federal level. After all, in the democratic system it is important that all levels of government, federal, provincial and municipal, co-operate for the common good. Who knows local conditions better than do those at the municipal level? The municipalities can and may make application on the basis of their knowledge of the local conditions.

Let us take the municipality of Drumheller as an example. They have already written me as their member expressing the hope that the application will be placed with the appropriate officials as soon as possible so they can comply with the stated criteria. That, to me, seems to be a point that argues strongly in favour of the criteria as set out by the Minister of Labour. If the measure is approved by parliament it will make a significant contribution in attracting industry to depressed centres and in creating additional employment opportunities.

There is, however, a second point which I feel is very important. The introduction of this measure illustrates that the government demonstrates its belief in the freedom of enterprise. The government believes in the ability of free enterprise to solve the problems of unemployment. It has demonstrated this belief by giving an advantage to industry. Through the advantage of double depreciation industry can enlarge and expand their capital. Industry will be attracted to various areas and that in itself will create employment in those areas that need it. I do not think we should lose sight of those two facts to which I have referred.

The subject which is being debated this afternoon is one which was dealt with last night by the hon. member for Essex East (Mr. Martin) and if it is in order to talk about it at all, it is surely in order for me to comment on what the hon. gentleman said. In so doing, in all likelihood I will be dealing with the subject he touched upon.

The hon. member's criticism of this measure was that the criteria do not go far enough. The hon. gentleman suggested that we should have followed the course followed by President Kennedy in designating specific areas

as depressed areas. I remind hon. gentlemen of the Liberal party of the fact that there will be greater flexibility as a result of the manner in which the Minister of Labour has handled this matter. The criteria introduced by the minister will make the formula flexible and workable.

I observed that the hon. member for Essex East pounded his desk when I made mention of the course followed by President Kennedy. I suppose that the hon. gentleman likes the victory of President Kennedy. We all like to see people successful in politics and particularly we Conservatives because we were successful in 1957 and again in 1958. Just as President Kennedy was successful in the recent United States election so our national leader was successful in 1957 and 1958.

Of course, it is an old trick of the Liberals to applaud success. They were happy to climb on the coat tails of Roosevelt so they could get back in power in 1935. Of course, this is not a new trick and the reason why hon. gentlemen opposite refer in terms of praise to the proposal of President Kennedy is that my hon. friends have nothing new to offer. With respect to the unemployment problem my hon. friends have nothing to offer at all.

The Acting Speaker (Mr. Rea): Order. Once again, I must ask the hon. member to relate his remarks to the motion now before the house.

Mr. Woolliams: Thank you, Mr. Speaker; when you hear me out, you will see I am in order. What I am saying is that my hon. friends in the Liberal party have no alternative to the criteria suggested by the Minister of Labour and therefore they naturally want to climb on the coat tails of president Kennedy in the hope that in the future they may become victorious in an election in Canada and form the government. My hon. friends are not interested in solving the unemployment problem or in suggesting constructive proposals or altenatives.

Are my hon. friends absolutely and flatly opposed to the criteria suggested by the Minister of Labour? Do they say this formula will not solve the problems in those areas where there is serious unemployment?

Mr. Martin (Essex East): Yes.

Mr. Woolliams: I heard the comment of the hon. member for Essex East and it is important because as I understood the Leader of the Opposition (Mr. Pearson) this afternoon, he did not criticize the purport of this measure but said we were wrong in the fact that we did not designate certain areas. The hon. gentleman did not really find fault with the criteria but said that we should have designated areas and not placed the onus on the municipalities.

My answer to that occupation—and I will repeat it—is that we believe that the local levels of government are important in democracy. For the federal government to designate areas would be imposing dictatorship from the top level down to the bottom level. Suggestions should come from the bottom to the top and so we have in this proposal a true example of democracy in operation in this country.

I now return to my argument. It seems to me the crux of the situation is that the hon. gentlemen opposite do not argue that the criteria are inadequate but that they protest the way in which the proposal is going to be administered. Let us examine how it will be administered.

In my opening remarks I said that I felt the workers in this country have confidence in the Minister of Labour. I believe the minister, as he has in the past, will prove his ability to administer this proposal accurately and justly. After all, in dealing with a scheme of this nature and magnitude, we have to have expert administrators to administer the laws and that is why the formula should be flexible. If the depressed areas were categorically set out in law the formula would not be as flexible as it otherwise would be; in that way bad exceptions and bad examples would creep in and problems would be created.

Let me return to my own area of Drumheller about which I spoke earlier. The municipality can make an application. If the application of that area is approved, industry will be attracted to that centre and the coal miners who have been out of work over the years can find employment in another industry and live with their families in dignity.

I should like to cite this as an example. When I went to that area in 1955-1956 I saw large numbers of houses of the miners boarded up and the mines closed down. There was and is a surplus labour pool in that area. That surplus labour pool is looking for new industries in that area. It is for that reason that I rose this afternoon to speak in support of this remedy for unemployment and in support of the criteria that have been set out by the Minister of Labour. The result of the passage of this measure will closely affect the people I represent in the community of Drumheller and those in Canmore, Alberta.

Miss Judy LaMarsh (Niagara Falls): Mr. Speaker, I did not intend to participate in the debate on this subject, but that was before the announcement was made by the

minister to deal with areas which he has styled as areas of surplus manpower. However, I am required to rise to protest the definition of the criteria which have been placed before us as anything which is indicative of an acceptance by the government of its responsibility in answer to those in need in various communities in Canada.

On a previous occasion I have styled as a depressed area the riding which I have the honour to represent. This has met with incredulity on the part of the Prime Minister (Mr. Diefenbaker) and with indifference on the part of the Minister of Labour (Mr. Starr).

We have before us not a formula to assist depressed areas but, at the very best, a formula to assist in disaster areas. If any area can qualify under the criteria presented to this house yesterday, it must be an area so badly hit already that this crumb which the government offers can in no way assist in its economic recovery.

There are many areas such as those I represent, and particularly the two larger areas of Fort Erie and Niagara Falls. They are, or were, largely industrial. One of their industries, of course, is the tourist industry which is most important in the summer months. Were my area in a position to qualify under the government's criteria, the fact that we have an influx of tourist dollars coming into the country in the summertime for a period of two or three months every year removes them from what the government will now be describing as an area of surplus manpower.

Nevertheless, over the past three or four years the number of unemployed has continued to rise. I refer to the chronically unemployed. The Minister of Labour visited my riding as recently as October of last year. I have already placed on *Hansard* the minister's remarks at that time and the fact that he said he intended to do something for the people in that area. Apparently the sort of thing which he intends to do in this riding and indeed in that represented by the hon. member for Peterborough (Mr. Pitman) is, at times of election, to throw in one contract but otherwise disregard the people of the area.

I would suggest that this government has indicated no way of assisting particular areas such as mine where a certain industry is in serious trouble. In my riding the silver industry, the workers on the railroads and in the aircraft industry in particular are suffering and increasingly so. It is true that we have attracted some industries, are still attracting them. However, we have plants which have been employing as many as 2,500 people and which are now down to 250 employees; and the new industries which we have attracted employ only five or six people. Weekly and monthly the figures mount. The government listens not to the cries from this and similar areas. I think this is another indication that this government and in particular the Minister of Labour have neglected and forgotten that which they are so proud of, namely their humble origin. Perhaps nothing in the world has been seen to equal the arrogance of this government and its indifference to the people since Marie Antoinette said, "Let them eat cake".

I suggest to the government that if, as was indicated in the speech that was made on December 20 last, this government has a real interest in the people and in assisting particularly areas which have been affected by a number of economic factors, what is now offered is just not enough. In fact, I would suggest to the government that there is not one area in Canada which can qualify under this criterion. I would further suggest that it is interesting to know that the government has taken the period from the year 1953. If the government will amend its criterion in order to take it back only to the summer of 1957, it will be in a better position to tell how many depressed areas there are in this country under this administration.

I have little to say, Mr. Speaker, nor can I expect any consideration for the people I represent or indeed the people of Canada. However, I would entreat the Minister of Labour to rise in his place and give us his views rather than to leave it to the fringe area of his party to speak on this most important issue. I would ask the Minister of Labour to detail to us the areas in Ontario and in each of the provinces his experts in the Department of Labour have told him this formula will apply to, if any. I challenge the government to indicate that there is any area which will qualify under this criterion. I ask the government to consider the fact that the municipality—for it is the municipality which must apply—must call itself a depressed area. I ask the minister also to consider that when it calls itself a depressed area it is likely to drive away prospective new business, new industries and new residents. It is likely to frighten away any sort of industry. When that area feels that it needs special assistance it throws itself upon the government and says, "We are depressed; assist us", and then finds that it is not only necessary to be depressed but to be destroyed in order for the regulations to take effect.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, it is apparent that in this particular parliament there is a coherent attempt. which I think is praiseworthy, on the part of the

government to give to the Minister of Labour (Mr. Starr) and his department a larger role in the economy. I have been complimentary before, and I may still be complimentary to the minister for making positive public statements in the past that this government accepted the responsibility for unemployment in this country and was prepared to face that responsibility. But this acceptance of responsibility, it seems to me, indicates a need to have some procedure by which the problem can be met.

It seems to me that the two main sources of power and influence in our economic pattern in this country in the federal government have been in the Department of Trade and Commerce and the Department of Finance. Therefore I, like I am sure a number of other hon. members, have been waiting to see a shift to the Department of Labour that will enable it to give the leadership in facing the unemployment problem that the Minister of Labour has conceded. All I can say about these regulations, following the statement of the Minister of Finance, is that it is very apparent that the shift of power to the Department of Labour is not taking place in any effective way. I think the Minister of Finance (Mr. Fleming) or the Department of Finance is still holding the course.

My first point about these regulations is that they are a very minor concession. This has already been underlined by the Leader of the Opposition, but what kind of concession is it to give double depreciation for one year out of any three years? In essence, it is a pittance when compared with the concession that the mining companies have in Canada. I think it does work as an incentive to give the concession and to have no income tax or corporation tax on the first three years of operation. It seems to me that kind of incentive, because it is both general and generous, has had some real effect as compared with this very narrow concession.

One of the other factors about this concession, it seems to me, is that it ignores the places in Canada where capital accumulates and from which it is controlled. If the area of Sydney qualifies for this assistance—and according to the statistics I have been able to find, it might qualify; it is right on the boundary line—where is the corporate structure in Canada that has the capital that is going to take advantage of the situation in Sydney to get the double depreciation? I insist that that capital is in the main controlled in and the exploitation takes place from the large metropolitan centres such as Montreal and Toronto.

If one takes a map something like the one I hold in my hand, which sets out the labour surplus problem and clearly marks the labour areas, 1953 to 1959, one has to speculate on large organizations such as Abitibi or McIntyre-Porcupine, looking at this map and saying, "Oh, there is a dark area; surely the one marked is the one where we can get double depreciation; that is where we will go and set up a plant". I think this is incredibly naive when I think of my own area and all of the persistent attempts that have been made by the northwestern Ontario development association, the integrated chambers of commerce, both of Port Arthur and Fort William, and of northwestern Ontario to get industries to come in. These people have made movies and shown them all over Europe and the United States. They have sent off representatives at their own expense, paid for with money that they raised themselves. They have sent them all over the United States and Europe in order to make contacts and to get industry to come into their area; yet in the main, as far as I can discover, despite all this tremendous effort, in the last five years, we have had almost no new industries. I know that in 1960 we obtained at the head of the lakes one new industry, a concrete culvert plant that employs four people. My point in this is that we have had a region that is marked off roughly by the Department of Labour as a certain area, Port Arthur and Fort William, that has had a tremendous need for initiative and drive. I am not a man to suggest—

Mr. Churchill: On a point of order, Mr. Speaker, may I say this. Interesting as the hon. member's remarks are, the debate here is on the criteria mentioned by the Minister of Labour. The motion refers to the inadequate and restrictive character of the criteria to be used as the basis for the designation of depressed areas. In the interest of orderly debate I think the hon. member should limit himself to dealing with the inadequate features and the restrictive nature of the criteria, if that is his opinion, and suggest alternatives. I believe that a description of the hon. member's own area or a discussion of corporate matters is beyond the scope of the motion.

Mr. Fisher: On the point of order, may I ask who it is that is going to take advantage of the double depreciation provision? Will it be Port Arthur or Fort William? It is nonsense to suggest that. It will be the corporation that will take advantage of it. I have tried to explain that our region has gone out after industry and has not been able to get it to come in. We have asked the province of Ontario and this government repeatedly to give us some incentive to bring industry into the area. I am suggesting that the incentive

contained in this provision does not come close to meeting the need. It is largely a useless one.

I am suggesting that the corporate structure of our country is such, with power concentrated in certain places and in certain organizations, that you have to offer something much more attractive than this provision in order to get corporations to move into these areas.

Mr. Churchill: I rise on a point of order. We are not here discussing the incentive of double depreciation. We are supposed to be discussing the criteria, and whether or not they are adequate for the purposes outlined by the Minister of Labour. The subject of the debate is not related to incentives.

The Acting Speaker (Mr. Rea): The point of order taken by the house leader is quite in order. I am sure the hon. member for Port Arthur realizes that. This is quite a restrictive amendment which is before the house, and the debate is strictly on the criteria for double depreciation. I wish the hon. member would come back to that.

Mr. Fisher: I have gone through the statistics in connection with labour and the information which has been filed before the Senate committee, and I find that my particular region will not qualify under these particular criteria. My point is, Mr. Speaker, that here is an area that knows it is in deep trouble. It has tried to do something on its own initiative. It has requested incentives but the criteria that have been introduced by the Minister of Labour really do not mean very much to this area.

Aside from the fact that the incentive itself is insufficient, one must consider that we are dealing with percentages that vary up and down and that they must be related to the past. It seems to me that you have to have a most marked trend, an almost completely hopeless situation, before you can hope to get any advantage from the criteria that have been established in this provision. I insist that we have in Canada today a number of regions that are right on the edge of this test, and ours is one that could not qualify under this 1953-1960 standard. We have an annual average of 10 per cent of the registrants for employment who are unemployed; that is the average. The percentage over this particular period is not quite high enough to qualify us as a surplus labour area. The reason this area cannot qualify during the summer months is the change that has taken place in the woods industry. In former years employment in the woods was concentrated in the wintertime, but within the last few years that period has changed to the summertime.

The other thing about these criteria, Mr. Speaker, is that they make no allowance for what are universally acknowledged to be the new reasons that we are having labour surplus areas. This is what is known as structural unemployment, and it comes upon a region fairly quickly. The power saw, in effect, has been the greatest revolutionizer in our industry, but in 1953 the power saw was not an important factor. However, since 1956 and 1957 it has changed the whole bush employment picture in our area. There have been other developments such as the carry-lift loader, drop loaders and what we call slashmobiles which have been introduced within the last few years and have cut the need for workers. However, the effects of these developments will not be reflected in the criteria we have here.

I was talking the other day to the head of one of our large labour unions, the northwestern Ontario lumber and sawmill workers union. He was saying that a few years ago they had 17,000 members. This is a tough mill and trade union which is feared, respected and hated in various sections of our part of the country. It is not a trade union that allows the membership to get away very easily. No one has come in and taken away any of the members; there have been no raids or jurisdictional squabbles. However, during the last four years the membership has dropped from 17,000 to about 11,000 today. I am not saying that they are protesting the changes that have taken place in the woods industry in our area, but their membership is going to go even lower. They are not squawking about this particular situation. What happens to the men who are uprooted and put in a difficult position? As a result of this our whole economy in northwestern Ontario has been affected by these changes in the woods operations in the last few years as well as the dieselization that has taken place on the Canadian National and Canadian Pacific.

The Minister of Labour knows very well that dieselization has only become a crippling factor in employment terms within the last two or three years. In my constituency there are eight different railway divisional points, so the magnitude of the effect of dieselization upon employment is very apparent there. However, this factor, again, will not be reflected in the period 1953-1960 with any great effectiveness. This particular region is considered to be, then, from what I can

gather, a normal labour market area. However, we know that it is not. This is the difficulty when you set up criteria that go away back into the past.

I recall how critical I felt when listening to some of the farmers who were criticizing the agricultural prices stabilization board set-up and the fact that prices were going to be set on the basis of a 10-year period. Some hon. members were pointing out the inequity of this, but that provision related to inanimate objects, farm products. The problem with which we are faced here relates to human beings. You have to deal with it with much more compassion than you do with such things as butter and eggs. I suggest that the measure is just not good enough; but if that is out of order, I suggest the criteria are much too severe to be useful to us. I know, Mr. Speaker, that much feeling will be aroused over this in our part of the country.

I have a great deal of sympathy for the fact that Cornwall qualifies under these criteria. I hope this does Cornwall some good. But what about all the other places in Canada that are going to be just below Cornwall and will not qualify? The hon. member for Bow River (Mr. Woolliams) was talking about flexibility and how much flexibility we have here. All I can say about the marvelous criteria is that they delimit the provision and make it so narrow that an area has to be in an almost helpless position before it can receive any assistance from the proposal of the Minister of Labour.

There is one last point I want to touch on, Mr. Chairman, and that is the point raised by the hon. member for Cape Breton South (Mr. MacInnis). He has mentioned the fact that he has received no response from members of this party in relation to the specific unemployment problem that exists in Cape Breton. I might say to the member that I have received his correspondence but have not as yet answered because—

The Acting Speaker (Mr. Rea): Order. I do not think that subject is a proper one to discuss on the motion that is before the house.

Mr. Fisher: I just mention this because the hon. member brought the subject to my attention this afternoon. I had no intention of interrupting the hon. member at the time but wanted to mention why I had not written to him. I took the matter into consideration, discussed it with the manager of a local thermal plant and was informed by the manager that the suggestion of importing coal from Cape Breton to Port Arthur was a fantastic one in view of the fact that the source of United States coal is much closer. I have no influence with the Hon. Leopold Macauley or Premier Frost and would assume, party ties being what they are, that the hon. member for Cape Breton South would be much more able to accomplish something in this regard through his own party structure than through me.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I am not at all surprised to find that the opposition posed today and presented a motion to the effect that the criteria set up for double depreciation in certain areas in this country are inadequate and of a restrictive character. This is something that we as a government expected. We have been endeavouring to do everything possible to put forward measures and legislation in this house since November 17, 1959, to help alleviate the situation. We find every time that members of the opposition rise as one with the cry that this is not enough and is restrictive. They have done this on some twenty five occasions since November 17th. When there is an opportunity, Mr. Speaker, for the opposition to approve or disapprove they rise as one and say, yes, it is a good measure but it is not enough. I am not surprised of course in this regard; that is the job of the opposition. It does not matter what the government brings forward, the cry is always the same: it is not enough, it does not go far enough, it does not include enough area, even though we must bring in measure after measure to deal with the situation.

The measure that was announced yesterday is designed to help certain areas in this country. The criteria may be criticized. There could be 1,001 different criteria. This is not criticism in regard to the criteria put forward by the government alone; this criticism will be put forward in any case. We are criticized in regard to this criteria being wrong. It is suggested that we should use some other criteria instead. This is the type of criticism we have heard today. I gave three examples of localities in Canada which I said—stressing very emphatically—that they might qualify under this criteria. Today the Leader of the Opposition (Mr. Pearson) says that already he has received communications from right across this country to the effect that the writers do not understand these criteria. Mr. Speaker, I have not received any communication from any area or municipality to that effect at all. I believe that this statement in regard to the receipt of letters is made in order that something critical of this measure is brought forward.

I feel that the Leader of the Opposition is doing an injustice to Elliot Lake in saying that in his opinion Elliot Lake cannot qualify under these criteria. Surely, the Leader of the Opposition should not undermine the thinking

of the municipal authorities by saying they cannot qualify under these criteria. I think this is an injustice. Certainly the municipality of Elliot Lake has every right, as any other municipal area in this country has, to make an application to the Department of Labour which will investigate, along with the officials of the national employment service very rapidly, the situation in order to ascertain whether the applicant area qualifies for double depreciation, as set forth, for industries which locate in the area.

The hon. member for Niagara Falls (Miss LaMarsh) has also stated that she does not feel that Niagara Falls would qualify. I would suggest that if it does not qualify, that is all to the good. Why should an area such as Niagara Falls qualify when it has experienced the expansion of industry that many other municipalities have not experienced for some years? Just a few moments ago we had figures produced in regard to the industrial development in that area. We heard about the encouragements put forward in an attempt to attract new industry, with a fair amount of success. We are very happy that Niagara Falls is an area that is progressing, and that industry feels it can locate in the area.

We have heard criticism in regard to the summer months limitation. The reason for this requirement, Mr. Speaker, is obvious. The seasonal unemployment in winter months would have a great effect on the situation. If we intend to get a true picture in regard to unemployment declining generally we must consider the employment situation during months when the seasonal aspect is not evident.

Before I go on I might say a few words in regard to the statement respecting the measures announced by President Kennedy in the United States. All the credit in the world should be given to him for implementing the proposals he has made. I am sure I would be out of order, Mr. Speaker, if I dwelt and enlarged upon a comparison of the measures taken by the two countries; but if I were to make such a comparison it would be interesting to note that of the 12 immediate measures proposed by the President of the United States we would find, Mr. Speaker, that here in Canada 11 have already been put forward. As I say, I will not go further with that comparison because I feel I certainly would be out of order. However, I would certainly enjoy the opportunity at this time of making a comparison of each and every one of those measures.

The motion before us today is a peculiar one. The opposition has moved the adjournment of the house because of the exception they have taken, Mr. Speaker, to certain criteria set up by the government in its announcement of the policy for permitting double depreciation in certain areas that request it. What lies behind this motion, Mr. Speaker, is the opposition's desire and determination that the government shall in this Canada of ours set up certain areas as depressed or distressed areas; and from their point of view, the more depressed and distressed they are, the better.

Mr. Pearson: Mr. Speaker, I rise on a point of order. The minister has just said that it is our view and position that the more depressed and distressed an area is, the better. These words are entirely false and I ask the minister to withdraw them.

Mr. Starr: Mr. Speaker, if the Leader of the Opposition assures me that that is not their intention, and that is not what is behind this motion, then I certainly do withdraw those remarks. Certainly that was the inference I drew from what was said yesterday, which was out of order, and again today. It certainly gave me that impression.

Mr. Pearson: A false impression.

Mr. Starr: However, if the Leader of the Opposition says that is not true, then of course I withdraw that charge. But the opposition seems to be determined to take this undemocratic approach to the problem. It is certainly not the approach that has been prevalent in this country, whereby there is a certain amount of respect for those governments which are not at the high level of the federal government. The opposition says that we, as the federal government, should tell municipalities and areas, "Here you are. We put a stigma upon you, whether you want it or not, and designate you as a depressed area". That word was used by the opposition.

I have been connected with municipal affairs for nine years, and I know that other hon. members presently in this house have been connected with that level of government. I know they will agree with me that this is a matter for consideration by the municipal authorities. It is a matter for the municipal authorities and the elected members of those municipalities to determine. When they have determined that in their opinion they qualify to have industry brought into their areas, then the way is open to them to apply to the Department of Labour. At that time representatives from the Department of Labour and the national employment service will make a thorough examination. If they qualify, they will be so designated by order in council, and only then. I think that is a fair approach to this problem.

Mr. Pearson: Mr. Speaker, may I ask the minister a question. He has mentioned one

point which I raised. Is the minister now saying that there will be a separate order in council for each municipality designated as an area of surplus labour?

Mr. Starr: Mr. Speaker, the area or locality will be designated by order in council.

Mr. Pearson: Each one?

Mr. Starr: Whether it will be a separate order in council or whether two or three areas might be included in one order in council is a matter that will depend on the circumstances. If we receive a report simultaneously from two or three areas that qualify, then I think we could cut down on our orders in council by designating them in one order in council.

There must be a basis upon which to set criteria. How were these criteria arrived at? Since January, 1953, every month the Department of Labour has classified labour market areas according to the degree of manpower utilization in various areas across this country. Because the labour market classifications of the Department of Labour have been published since 1953, it was felt they would be more acceptable than any other approach which might be devised for this purpose.

Since 1953 labour market areas have been classified into four groups: substantial surplus, moderate surplus, balance, and labour shortage. In the criteria used for classifying surplus manpower areas, the term "surplus labour market" refers to both the substantial surplus and the moderate surplus classifications.

I submit that this motion has been brought about in order to say once again that the measure is no good. That has been the case with other measures that this government has brought forward, as it has promised to do, and it will continue to bring forward measures to alleviate the situation. That is why the opposition says these are not the proper criteria. They say, "If we had been asked, we would have given your criteria". It does not matter whether we have 1,001 criteria; there will always be something wrong with them. This government is trying to deal with the situation for the good of this country and for the good of the working man and woman of this country.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, the Minister of Labour (Mr. Starr) began his remarks by stating that he was not surprised at the criticism levelled at the government for the policy which he announced yesterday. I must say to him now that I am extremely surprised at the reply he has made to the questions, suggestions and criticisms concerning that policy.

Mr. Starr: Mr. Speaker, I rise on a point of order. The hon. member used the word "suggestions". I have yet to hear any suggestions as to the type of criteria that should have been adopted.

Mr. Chevrier: Mr. Speaker, the Minister of Labour could not have been listening, because the Leader of the Opposition (Mr. Pearson) put on record a suggestion in connection with this matter. If the minister had been listening he would not have interrupted me a moment ago.

Coming back to this statement made by the Minister of Labour, I am indeed surprised that the minister did not take the opportunity to explain in greater detail and at greater length the so-called criteria to which he referred yesterday.

A number of members on the government side of the house have risen in support of this resolution, but has any member of the house, including the Minister of Labour, told us this afternoon what these criteria mean? The Minister of Labour had an opportunity to deal with this matter in the few minutes at his disposal. He could have taken the requisite time to tell us the meaning of this order in council, and he spoke for barely 12 minutes. Why did he not, as the minister responsible for this policy, explain in detail to the House of Commons what is meant by the criteria and by the division of the two categories?

Mr. Starr: If I had done so, would that have satisfied you?

Mr. Pearson: That is your job.

Mr. Chevrier: We would at least have known what is in the mind of the government. As it is now, we certainly do not know what is in the mind of the government, because it is as clear as mud.

In the discussion of this motion of the Leader of the Opposition to adjourn the house reference was made to a statement of the Minister of Finance (Mr. Fleming) during the course of his supplementary budget speech on December 20, 1960. As found at page 1,007 of *Hansard* the Minister of Finance said at that time:

> As a powerful incentive to these ends I am pleased to announce measures to fulfil three major purposes.

The Leader of the Opposition has put this on the record and I shall not repeat it. That was a positive statement by the Minister of Finance that powerful measures would be announced, and we had every right to believe that those powerful measures would soon be introduced in the House of Commons. But it took over two months for that to be done; and then it was done by this puny little measure,

this timid measure announced yesterday by the Minister of Labour. Not only were there very substantial and serious delays, but there was confusion because it was impossible for a long time to know which of three departments would be concerned with this matter.

That is why the Minister of Labour is so timid about the whole thing. The reason is quite clear. When this announcement was made on December 20 the government had not determined its policy. It was only later, I suggest, perhaps a day or two ago, that it was decided to follow this method which was announced in the house. That is why the matter has been thrown into the hands of the Minister of Labour, who should have been able to rise in his place this afternoon and explain to the people of Canada what is meant by these criteria. I say to the Minister of Labour that these criteria are unsatisfactory and that he should have explained to the house what was meant by them.

Who is going to designate the areas? The Minister of Labour in reply to criticism which was directed at him, when he stated that we had an undemocratic approach to the problem, asked: why should the municipalities not have the responsibility of making application? During the budget speech and during the course of debate on a number of occasions we had clear-cut statements by representatives of the government that they intended to assist those who were suffering from unemployment and that they were ready, also, to assist the depressed areas or areas of so-called chronic underunemployment. Why were not those undertakings carried out? Why was the stand taken in the budget speech and by other ministers in the course of debate not carried out save and except in the words of the Minister of Labour who so mildly attempted to reply to some of the criticisms which were made?

I believe the hon. member for Niagara Falls (Miss LaMarsh) was quite right when she referred to a statement made by a former queen of France, "Let them have cake". I add to that a statement made by one of the ministers of the government, "Let them have bread or games, bread or circuses". That statement was made on more than one occasion and that is exactly what is happening in this situation. It seems to me that it is up to the Minister of Labour to take the initiative in designating areas which are entitled to these double depreciation allowances.

It has been said here that in order to assist industry to locate in a community certain advantages must be offered; and one of the advantages which the government proposes is a double depreciation allowance for a period of one year extending over a period of three years. How can an industry establish itself in a community when it does not know whether it will be entitled to the double depreciation allowance and cannot know until a decision has been confirmed by order in council? How long is it going to take before this information is available? How long will it take the municipalities to convince the Department of Labour or the governor in council that they qualify under these criteria? Moreover, the criteria are such that it is almost impossible for them to know what the position is.

The minister made great play about the fact that he had not stated that Elliot Lake and Springhill could qualify but had said they might qualify. Why should the minister not tell us whether they do qualify or not? If he or the officials of his department do not know, then how in the world can the municipalities of Elliot Lake, Springhill or Cornwall for that matter, which is in a difficult situation as the minister is aware, be expected to know?

The government and the Department of Labour have had three months in which to find out what the circumstances should be in the application of this formula, yet it is only yesterday that we had the announcement concerning it. I say to the minister that this formula is so restrictive that it leaves many communities in the lurch and outside the benefits, if there are any, which flow from the terms of this policy.

I think the Minister of Labour cannot avoid telling the house either now or at a later date what these areas are in order to avoid the delays which must otherwise attend the application of this policy. Where are these areas of chronic unemployment? Certainly the Minister of Finance during the course of his speech on the budget, in the course of answers to questions we asked in the house and in the course of other debates led us to believe that we should be given this information. There was no one on this side of the house who for a moment did not believe that this information would be forthcoming in clear and definite terms. As it is now, I challenge the minister to tell us what this thing means. Although, as I said earlier, two members who support the government have risen to tell us something about this proposal, to tell us they are in favour of it, no one, including the Minister of Labour himself, has told us in clear and definite language what these criteria mean and how they can be applied.

There is another matter about which I think the house should be informed and it concerns the manner in which this proposal is going to operate. I urge the minister and the government to change and improve these criteria which are faulty. We believe that

the figures of total population instead of paid workers should be used to calculate the percentage of unemployment, because our population statistics on a regional basis are much better than the figures on the paid workers basis. Moreover, the period selected is certainly unsatisfactory because it includes four summers of prosperity and four summers of recession. The period to be used should be the last three years because chronic unemployment really started at the end of 1957.

Some hon. Members: Oh, oh.

Mr. Pearson: It certainly did. Look at the figures.

Mr. Chevrier: During this debate the question has been asked: what can we do to solve this problem? We are all in support of what measures may be taken to solve this problem but I tell the government and its supporters that they will not solve it by this puny method. They will not solve anything by refusing to define what is meant by an area of chronic unemployment.

Another statement which has been made in the course of the debate is that the former administration is responsible for the present unemployment situation. Let me tell the house that the present government has now been in office for almost four years; and if the situation has reached the point which it has reached today, they and they alone are responsible for the conditions. They should be able to stand on their own feet and cease blaming an administration which has been out of office since 1957. But no; they are not prepared to do so. I notice that the Secretary of State (Mr. Dorion) who does not say very much in this house was down in the province of Quebec the other day saying that the high degree of unemployment in this country was the responsibility of the former government. I am telling members opposite that they will not solve the problem of unemployment by statements like this. They must do it by policies. They must do it by bringing in measures which they themselves said they were going to bring in. We waited for nearly three months for a definition of these areas and we had it only yesterday.

I was saying that the period to be used should be the last three years, because chronic unemployment actually started at the end of 1957. If you look at the figures, Mr. Speaker, you will see that unemployment in this country then was very little over 3 per cent. Areas may have enjoyed prosperity and boom conditions between 1953 and 1957 but after 1957 they may have experienced heavy unemployment. In that case they would not qualify under the government's program. That is another fault which we on this side have to find with the summer months definition. It is well known to every member in this house that during the period 1953-56 if not, 1953-57, there were boom conditions in certain areas of this country. That certainly was the case, in large part, in the city of Cornwall because of the construction of the St. Lawrence seaway, but after that because of the closing down of several cotton industries no less than 2,000 people were put out of work. Reading this definition as carefully as I can I am still unable to say whether or not that community will be able to qualify. I am also sure the minister is unable to say and certainly he has thrown no light on it today.

I submit that the definition of the two categories, the one having to do with an area with a labour force of 10,000 and over, and the other having to do with one with a labour force of 10,000 and under, should be more clearly set out by the government. On the basis of the statement put on the record by the Leader of the Opposition I think it is clear that it is going to be almost impossible to determine how a community with a labour force of under 10,000 will be able to apply. In the case of the category of a labour force of 10,000 and under the situation will be unworkable as was pointed out by the Leader of the Opposition and by others who have spoken.

In his remarks the Minister of Labour said that the government is bringing in measure after measure to deal with the unemployment situation. I am not free, any more than was the minister, to deal with those measures because of the restriction in the debate but I have yet to see brought in by the government since the session opened in 1960 a measure that will deal with the unemployment situation during the course of the present winter. Surely the present measure is not one which will be of much use during the course of the present winter season, because after an application is made time will be required to consider and study it and the industry in the community which will be waiting will want to be given some advance notice of whether or not it will be entitled to double depreciation.

I ask the Minister of Labour and hon. members of the government what industry is going to be tremendously enticed to come into a community if it will receive only one year of double depreciation during a period of three years, unless it is already there and wants to add to its facilities. That is what the Minister of Finance called a powerful incentive. If it is a powerful incentive, it was weakly and inadequately defended by the Minister of Labour.

I say to the minister that even now he should tell the house what the areas are; and unless and until the hon. gentleman does that I submit to him with deference that it will be practically impossible for those municipalities who want to make an application to know where they stand.

It seems to me it is the responsibility of the government in office to take action and instead of exercising that responsibility it has shifted it on the municipality. The government is saying in effect to each municipality: "You tell us whether or not you are a depressed area; we do not know. But having regard to the two criteria that were placed on *Hansard* you tell us whether or not you are a depressed area and, if you qualify under our criteria, then we will perhaps act under the circumstances."

In his statement yesterday, as reported at page 2569 of *Hansard*, the Minister of Labour stated the criteria as being these:

> —first, the area must have been classified by the Department of Labour in a surplus labour market category for 75 per cent or more of the 48 summer months from May to October, 1953-1960. Second, industrial employment must have declined over the period 1953-1960.

Who is going to satisfy the government that industrial employment has declined if during four of the years there is a boom of employment, then suddenly it disappears and there are serious conditions which indicate a substantial deterioration in the community? Who is going to make that determination? Is the onus on the municipality? Must the municipality prove a prima facie case before it can be qualified under these criteria or are the officials of the Department of Labour to determine that matter?

Mr. Starr: Mr. Speaker, the hon. member has just asked me a question. In reply let me say I think I set that out very clearly in my statement yesterday and again in my remarks this afternoon. I said that upon receipt of an application the officials of the Department of Labour and of the national employment service will go to that municipality, make assessments at first hand and ascertain very quickly whether the municipality qualifies under the criteria.

Mr. Chevrier: But, Mr. Speaker, I do not think that is satisfactory.

Mr. Starr: The hon. member is free to hold that view. I attempted only to answer the hon. gentleman's question. What does the hon. member want?

Mr. Chevrier: I am being asked what I want and I will tell the minister. The minister has the figures right here in the Department of Labour. The minister need not tell me that he does not know what the position is in every Canadian community as far as labour is concerned. If the minister does not know, he certainly should know. The hon. gentleman has those figures. Those figures are in the possession of the minister and he should be the one to take the responsibility instead of shifting on the municipality the onus of proving a prima facie case as to whether or not industry has deteriorated in that area. I certainly do not accept that explanation from the minister.

If the Minister of Labour does not have the figures he certainly can obtain some of them from the Minister of Trade and Commerce (Mr. Hees), some from the Minister of National Revenue (Mr. Nowlan) and still others from the Minister of Finance. The figures are all here in various departments of government.

If the government had wanted to do so it could, of its own volition have determined all these questions beforehand; but instead of doing that the government is going to waste a lot of time and has shifted the responsibility to the municipalities in asking them to tell the government whether or not they are depressed areas. That is why we repeat now what we have said so often: It is too little and too late. You have been talking now about all the great things you were going to do—

Mr. Bell (Carleton): Address the Chair.

Mr. Chevrier: You were talking about them in the speech from the throne. Hon. members of the government during the course of various debates repeated ad nauseum what the government was going to do to meet the unemployment problem. This is another step in that program and from what has been said I presume it is the last step for the time being at least. All these items are supposed to assist in meeting the unemployment problem.

I repeat what I said a moment ago. Again I urge two things upon the minister. I urge that he clarify still further either by a statement in this house or outside what is meant by the criteria and that he take into consideration the other suggestions I made a moment ago.

Mr. Grant Campbell (Stormont): Mr. Speaker, I am indeed astonished and surprised that hon. members opposite should take the position that the criteria announced by the minister will actually deprive those communities which need it most, such as Cornwall which I have the honour to represent, of the maximum benefits of this legislation.

The Acting Speaker (Mr. Rea): Order. I am sorry, but I did not realize that the hon.

member was not in his seat. If the hon. gentleman wants to be heard in the house, will he please return to his seat?

Mr. Campbell (Stormont): This is only typical of what I would expect from some of those opposition members, some of those centralizers, who would impose on municipalities even without their consent the stigma of depressed areas. It is important that the municipalities themselves, which are in a position to know best their needs, have the onus to determine whether it is more to their benefit to have this double depreciation as an inducement to attract new industries or whether it may be counterbalanced by the adverse publicity attracted to the area. I have personal experience of this particular problem. Some weeks ago a Toronto paper published what I would say was a lengthy prejudicial article on my home town of Cornwall with the headline, "Cornwall, City of Idle Men". I must say that many people in my area took great and violent exception to this adverse and to some extent unwarranted publicity, although far be it from me to underestimate the degree of the consequent damage of unemployment either in my area or in others. However, I think that point must be clear.

This government is not going to impose any stigma on municipalities. They themselves must decide what is in their best interest and act accordingly. They are the ones who must initiate this aspect of the matter. If they decide that it is to their benefit to do so, I have no doubt that the Minister of Labour will give them every assistance in providing the necessary statistics to substantiate their case; but the onus must be where it should be, namely on those independent units of government, which are the root and base of the democratic organization of government.

Finally, if every community is going to be entitled to double depreciation, if every community has this additional inducement to attract industry, then those areas which require it most will not derive any special advantage. As I understand it, the chief reason for this legislation is that those whose need is greatest derive the maximum advantage; in other words, they derive some special advantage to attract industries into areas where they are most needed.

This whole process of decentralization of industry is long overdue and very necessary for the over-all health and balance of the national economy. There should be a large measure of decentralization, and this is one measure directed toward that end. I repeat, if every community is entitled to this special attraction, those who deserve it most will not derive any special benefit from it and the whole purpose of the legislation will be defeated. Presumably, from the facetious criticism of this legislation, it would appear that this is what the opposition is demanding, either inadvertently or by design.

I repeat, those areas which need these special inducements most are the ones which should receive full benefit from them. Obviously, if everybody gets them there is no special advantage to any area. I insist that this government had this matter obviously very much at heart when it devised this criterion having to do with the special benefit of double depreciation. Also, the thing that this government would never adopt is a dictatorial centralizing policy of imposing, if you want to call it that, the stigma or designation of depressed area on any community without that community's consent, or without that community knowing and saying that it is in its best interests that such be done and initiating action for the government to follow.

Mr. Pearson: May I ask a question of the hon. member who has just taken his seat? Does he not realize that governments now and for years past have been stating that certain communities in this country are labour surplus market areas? That is what we are talking about. That designation is being given by the government every day of the week to certain areas.

Mr. Campbell (Stormont): It is a different thing entirely. Furthermore, in reply to the question of the Leader of the Opposition, does he not realize that there is a very valid distinction between a depressed area and an area of chronic unemployment?

Mr. Fisher: What is it?

Mr. Campbell (Stormont): There are some areas such as the maritimes where the general level of income might not correspond as compared with an area such as western Ontario and therefore they might be considered to be relatively depressed; but in certain areas that may be considered relatively depressed in that sense there may or may not be chronic unemployment. There is obviously a very real difference between the two.

Mr. Speaker: May I call it five o'clock? It being five o'clock, it is my duty to interrupt this debate in accordance with the standing order so that the house may proceed to the consideration of public and private bills, the former having precedence, pursuant to standing order 15, section 3.

Industrial Relations

INDUSTRIAL RELATIONS

APPLICATION OF COLLECTIVE BARGAINING TO CROWN AND EMPLOYEES

Mr. Frank Howard (Skeena) moved the second reading of Bill No. C-14, to amend the Industrial Relations and Disputes Investigation Act (application to civil service).

He said: Mr. Speaker, this is getting to be a sort of perennial bill of mine. Its primary design has been explained in other years; it is to make the Industrial Relations and Disputes Investigation Act applicable to employees in the public service, with certain exceptions which I will enumerate in a moment.

The provisions of the act would apply to the employees in the public service in so far as certification of a bargaining agent is concerned. It would make applicable also the provisions relating to the negotiation of collective agreements, the conciliation procedures and the like except in so far as the operation of the conciliation board is concerned, and except in so far as strike action is concerned. I will explain all this in a moment.

The current procedure, which has been in existence for many years for that matter, is for the various organizations representing the employees in the public service to prepare demands, as it were, or requests, to the government in office for adjustments in their salary structure, hours of work, holidays and the like, and then to wait in attendance, with cap in hand, usually upon the minister of finance or the cabinet itself to make up his or its mind.

Last year we saw what I considered to be a most unfortunate system of establishing the salary structures of civil servants in that certain groups were selected for particular increases which were at variance with increases granted to other groups of employees, and in certain instances no adjustments whatever were made. This leads to a situation in which charges could be made of favouritism or of lack of knowledge on the part of the Minister of Finance (Mr. Fleming) or somebody else in attempting to bring the various salary structures of the various groups and types of employees in the public service into equity. In my opinion, it is the fundamental right of employees of any employer in this nation to be able to form into a union or an association, whatever they might call it, and to find through that union or association a means of solving the problems that arise as a result of their working conditions.

I do not believe we should draw too much distinction, although apparently in some instances it is desirous or necessary to do so, between employees who work in the public service of Canada, or what is classified as the civil service, and employees who work in industry or for crown corporations. However, a distinction is made. The employees of crown corporations and of private industry are able to band together and form a collective unit, apply for certification and sit down with their employers to negotiate collectively the terms of an agreement or contract covering their wages, hours, working conditions and the like. Employees in the public service do not have this right.

The employees in the public service are and have been considered by the government as being in a sort of second class position. They do not have the rights, privileges and responsibilities of other employees in society, namely those working in private industry or those working for crown corporations. This situation does not apply to wages alone, although I suppose in a material society this would be the first consideration of employees. There are other matters to be considered such as grievances, conditions of employment, hours of work, holidays, vacations with pay, sick leave, seniority rights and so on. All of these things form part of an employee's working conditions.

Apart from the fact this is a contradiction of our concept of that phrase made famous by the Prime Minister (Mr. Diefenbaker), "human rights and fundamental freedoms", I think it is bad psychology for a group of employees to have no outlet for their feelings in so far as management is concerned, no method of redress for their grievances, no manner of attaining what they consider to be correct hours, wages and working conditions. I suggest it is bad for a small group of employees to have their final destiny rest in the hands of a political figure who can tailor these working conditions to suit what he considers to be either budgetary measures or some political purpose. I feel that this outlet should be given to these people in order to draw them more directly into equity with the employees who are not working in the public service of Canada.

During the last session I introduced a similar bill and there was a great leal of discussion on it. It seems to me that the hon. member for Winnipeg South (Mr. Chown) participated in the debate, as did a number of other hon. members including the hon. member for Westmorland (Mr. Creaghan). At that time I do not believe there was much objection to the basic desire of providing the people in the public service of Canada with bargaining rights, but it was felt there was some infringement of the rights of parliament. The bill I introduced last session contained a provision that the report of the

[Mr. Speaker.]

conciliation board established under the act would, in fact, be an arbitration board the decision of which would be final and binding both upon the government and the employees in the public service. The major objection to the measure revolved around the point that parliament was supreme and should remain supreme in its authority to control the expenditures of this nation. Yesterday, of course, we had an example of how this parliamentary authority had deteriorated a little bit when the resolution of the Minister of Finance on tariff matters gave the Minister of National Revenue (Mr. Nowlan) authority to vary taxes without any appeal.

However, the bill introduced during the last session contained a provision that the conciliation board report would be final and binding and objection was taken because it was felt parliament should have the final say in the expenditure of public moneys. Since I felt that the argument had some merit, I altered the bill this year in that respect. Otherwise, this bill is the same as the one introduced last year. When a conciliation board is established, and it completes its hearings and writes its report, that report shall be tabled by the Minister of Labour (Mr. Starr) in the House of Commons either forthwith or, if the house is not sitting, within 10 days after the sittings commence. The House of Commons would be in a position then, in keeping with parliament's right to spend the money, either to accept or reject, amend or do as they liked with this report of the conciliation board.

One other matter was raised last session in connection with this proposal to establish a conciliation board. It was said that the appointment of a conciliation board under the circumstances envisaged in this bill would be weighted in favour of the government because, presumably the Minister of Finance would appoint one member of the board, the union of public service employees would appoint another, and if they could not agree upon a chairman then the Minister of Labour would appoint the chairman. As a result, two members of the board would be government appointees. However, I might say that, in this instance, I wanted to keep as much as possible within the provisions of the Industrial Relations and Disputes Investigation Act and I would not want to malign the Minister of Labour in that way by suggesting that he would select a chairman of the conciliation board who would be favourable to the government's point of view.

In any event the report of that conciliation board would eventually be the document tabled in parliament, debated in parliament and decided in parliament, so that parliament would retain its hold on the purse strings of the nation so far as expenditures are concerned, and would also be, by the same token and at the same time, an arbitration board in respect of negotiations among the employees of the public service of Canada and the crown.

The bill is designed to bring justice, equality, fairness and decency into play in the relationships between employees in the federal services and the crown itself, and to assure as much as possible that employees in the public service are not looked upon and treated as second class citizens. The bill is designed to prevent decisions in regard to incomes and working conditions from being made on a political basis, which would continue their existence in a half state of being partly employees and partly not employees. I feel that the people of Canada, and particularly those employed in the public service, at the time of the passage of the bill of rights looked forward to the day when there would be equality of rights and opportunities. I feel that this bill is designed primarily to bring about just that situation.

Mr. W. L. M. Creaghan (Westmorland): Mr. Speaker, on February 5, 1960, we had a similar debate in regard to Bill C-9 introduced last year by the hon. member for Skeena (Mr. Howard). That bill was a little different in form although it had the same title. There was very little opportunity at that time for debate and, unfortunately, we are now in similar circumstances today.

I had the opportunity at that time of speaking for approximately two or three minutes during which time I mentioned that the bill would conflict with section 28 of the Industrial Relations and Disputes Investigation Act. I am afraid we are faced with the same problem in regard to the bill being discussed today. The hon. member for Skeena mentioned the difficulties in regard to section 28 and I feel that he is correct in his statement. The present Industrial Relations and Disputes Investigation Act provides that before a conciliation board can be appointed management—in this case the government—must appoint a member; the employees association must appoint a member and, in the event they cannot agree within a period of five days, the Minister of Labour must appoint a third member as chairman.

Unlike the hon. member for Skeena I cannot assume or believe that such a board recommended by the Minister of Finance (Mr. Fleming) and the Minister of Labour (Mr. Starr) would be necessarily fair to the civil service association. In order to overcome that difficulty in this bill it will be necessary to add to part II of the act, a new section setting up a board of conciliation specifically designed

to consider disputes between employees and the government, as apart from those between employees and private industry. I believe an amendment such as that which I have described should apply in regard to crown corporations as well as to the civil service association because it is possible that wage earners, particularly C.N.R. employees, could find themselves in the same position as do civil servants.

Last year, Mr. Speaker, the government introduced a bill to increase superannuation payments to civil servants. That bill was then referred to a sessional committee of the house. I would suggest that when a similar committee is formed this year the bill now under discussion should be referred to a committee in order that it can be considered by civil service associations and members of parliament.

On March 2, 1961, the Minister of Finance moved first reading to Bill C-71 which is entitled "An act respecting the civil service of Canada". Bill C-71 is a complete revision of the Civil Service Act. I understand it contains a proposal closely related to collective bargaining. I should like to refer hon. members to the March 1 edition of the Ottawa *Journal* which contains reference to this new step. The main article was written by Richard Jackson, and the opening paragraph is as follows:

> An important step in the direction of collective bargaining for Civil servants is being taken in the revised Civil Service Act, the *Journal* learned today.

The article continues as follows:

> This is a concession that staff associations for years have sought and has been included in a brief filed by one of the big civil service organizations with the Glassco Royal Commission on government organization.

In the same newspaper at page 4 there appears an extract from interviews with some of the heads of the civil service associations. Mr. Fred Whitehouse is quoted as follows:

> "—if the report is correct, it is certainly a step forward."

Hon. members will realize that Mr. Whitehouse is president of the Civil Service Federation of Canada.

Mr. J. C. Best, president of the Civil Service Association of Canada was also interviewed and is reported as follows:

> "If the report is correct I am very happy to learn the government has recognized the weakness in the previous bill".

Because of the length of the session last year, it was impossible to have a further debate on Bill No. C-9. I understand that Bill C-71 provides that the civil service commissioners shall consult with civil service employees associations with respect to pay and conditions of employment. If this is a provision of the new bill it will mean that meetings will soon take place at the request of the civil service association rather than only at the direction of the minister or the civil service commission. This is a step towards collective bargaining, and I believe it is a welcome one. There seems to be a trend towards collective bargaining for all employees in Canada. Whether or not there will be full collective bargaining in the civil service in the immediate future remains to be seen, but much progress has been made in this direction during the past three years.

The annual report of the civil service commission for the year 1959 shows that during that year there were ten meetings of the advisory committee on pay research. When one realizes that this committee is composed of one of the commissioners and representatives of the staff associations and treasury board, one can see that not only have the Minister of Finance and the civil service commission an opportunity to bring forward recommendations, but this opportunity also exists for the employees.

I do not think the bill introduced by the hon. member for Skeena would be operative, but I wish to state that I am in complete agreement with that part of it which deals with collective bargaining. However, I do not think it would be possible for a conciliation board to solve the problem. Unless the Minister of Labour (Mr. Starr) extended the provisions of the act, it would be necessary for the conciliation board, when handling a federal employees' wage dispute, to submit a report within 14 days. That would be an impossibility when one realizes that there are approximately 1,900 staff classifications.

If the bill were passed in its present form it would mean that members of parliament would become bargaining agents for the civil service. We would be charged with the responsibility of negotiation in connection with the salaries of the civil service. Clause 1 of the bill provides that this house would have the responsibility, after the report had been submitted, to accept, reject or amend it. This is a complete change from what I understand to be the type of government we have under our constitution.

Hon. members realize that we have an executive and a legislative type of government. If the responsibility rested with the House of Commons, there would be taken away from the executive its responsibility of determining what was a decent wage. I feel that when the sessional committee is set up to review the Civil Service Act introduced on March 2, the subject matter contained in this bill will be fully studied by the committee, and the

staff associations will once again insist upon some sort of collective bargaining.

In conclusion I should like to quote from the magazine *Saturday Night* of December 5, 1959, which contains an article on the civil service. The article is entitled:

The civil service: Pay it well or cut its numbers.

In that article the author quotes the Prime Minister (Mr. Diefenbaker) as follows:

"For many years it has been generally accepted that two main principles should guide the determination of salaries in the service. First the salaries must be enough to do the job, that is to attract enough of the right kind of men and women into the service and keep them in it; second, they must be fair as between civil servants and people outside the service, the taxpayers if you will, which means that the salaries we pay for any class of work should be comparable with those paid by private employers for similar classes of work, taking into account the other terms of employment that are necessary to make a fair comparison."

Mr. Speaker, it is my hope that the civil service commission, the pay research bureau, the advisory committee, treasury board, the staff associations and the members of this house will always recognize those two principles as fair and proper in all wage negotiations.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, to begin with, I believe the time has come when some sort of collective bargaining for the civil service should be seriously considered. The hon. member who has just resumed his seat referred to the bill introduced yesterday by the Minister of Finance (Mr. Fleming). I secured a copy of this bill from the table, but I think it would be out of order at this time to discuss it. In the first place it would be anticipating debate on second reading and discussion in committee, and in the second place it would raise some doubt as to whether we should be discussing the bill now under consideration.

The civil servant is in a unique position because as an employee of the crown he is actually a part of the crown and is entitled to the many rights and privileges which the crown enjoys, particularly as to salary exemptions. Furthermore, under the Civil Service Act the civil servant has reasonable security of tenure, which people in other branches of the labour force would very much like to have, particularly in this present age of shifting employment opportunities in this country and throughout the North American continent.

On the other hand, I do not think the position of the civil servant is properly understood by the general public. The general public sees him as a person who is sure of his job and salary, and who will be paid regardless of the duties he may have to perform from time to time. Another disadvantage that the civil servant has is that he must take the consequences of policy decisions and must try to carry them out in dealing with the general public.

I think the civil servant suffers more than does any other person from the inefficiency of persons higher up in his particular department. In ordinary commerce and business, if a person is not doing a job satisfactorily he is transferred or dismissed and someone else is put in his place. In the set-up of the civil service at the present time it is most difficult to do this. If you have one person in the chain of command who is inefficient, it brings about inefficiency and dissatisfaction on the part of those who are beneath him in that particular department, and civil servants become disgruntled and discouraged with their position.

In other lines of employment in the commercial world dissatisfaction with pay or working conditions, or with persons who are supervisors, results in strike action if the situation is not remedied. However, by tradition strike action is not taken by civil servants; it is against the policy of the service. In this connection I should like to quote from a leaflet put out by the National Defence Employees Association in connection with this very problem. This magazine was issued in August, 1960, and it contains on page 2 an article by a member of the executive committee saying that the association has assured the government that civil servants will never consider strike action come what may. This puts the association and its employees in a difficult position because they have very little bargaining power when their ability to strike is completely impaired. Yet this embargo on strike action is imposed not by any outside authority but by the voluntary action of the association itself. I should like to quote from the article on page 2:

Let me say this, and I speak as a past president of a union and a member of the CLC, I have opposed strike action by the NDEA and for the following reasons:

We civilians who work for DND in teamwork with servicemen in uniform, have a responsibility to the defence and security of our great nation. We should never forget this.

We have civilians guarding our frontiers alongside service people in technical capacities in remote areas of our land.

We have cipher clerks, typists and mechanics working at alert stations of Navy, Army and Air Force, prepared at a moment's notice to defend our country. Whether they are administration, messing staffs or tradesmen, each by their responsibilities, from the cleaner to the Minister of the Department, are making a contribution to the whole picture of defence.

The enemies of a free and democratic society would be pleased to see a strike against Canada's defensive structure. It could be an invitation.

Thus we find that this restriction has been placed on civil servants generally by their own action and by their own association. Therefore, we must consider what outlet these people have when they have a complaint to make in connection with their treatment by their employers.

Regardless of what might be said by various people or organizations, I believe that the government has been most fair in its treatment of its civil servants as to salaries. There are those who would not agree. There are those in categories which did not qualify for an increase who would not agree at all. Yet looking at the over-all picture we find that this government has brought about increases fairly generally across the board. In order to back up this assertion I looked into some figures on the labour force employed by the federal government and the latest information I can find is contained in the December 9 issue of the weekly bulletin put out by the dominion bureau of statistics. I am quoting from the article on page 6 under the heading "Labour".

> Federal government employees in September this year numbered 346,084 and their earnings totalled $121,983,000, according to advance DBS figures that will be contained in the September issue of "Federal Government Employment". Excluding staff employed outside Canada by agency and proprietary corporations and other agencies, the total for the month was 337,643 employees versus 342,621 a year earlier and earnings were $118,137,000 against $113,444,000.

I note from the figures that there were fewer employees of the federal government in September, but that they earned more money. The figures indicate an average of $350 in salary per month for government employees. I continue the quotation:

> Employees in departmental branches, services and corporations numbered 199,884 in September this year as against 197,743 in the corresponding month last year and had earnings of $67,822,000 versus $60,967,000. Earnings for the half year April 1 to September 30 increased by $23,900,727 to $391,021,388 as compared to a year earlier owing largely to salary increases announced at various dates during this year. Most of the salaried employees in the federal service had received increases by September 30.

Those quotations from the dominion bureau of statistics show, I believe, that reasonable increases have been granted almost across the board to persons in the government services. However, that is not the point at issue. The principle is not whether this government treats its employees well or whether some future government will do so, or whether some past government did so. The point is whether the civil service is to be completely subject to the whim of any government without any opportunity for consultation or any opportunity of putting forward its view on salaries or working conditions to a body such as an arbitration board.

Yesterday, the Minister of Finance introduced Bill No. C-71 in the house. As I said at the beginning of my remarks, I do not think I should discuss that bill but I may, perhaps, mention that there is in it clause 7 which seems to go some way along the line I have indicated. However, that bill will be discussed at some later time and maybe it will be found suitable to the situation. It may be that some amendment will be brought in to make it more suitable, or that other action may be taken by the house and the committees of the house.

In the meantime, to deal with the bill presented by the hon. member, I should like to say that the idea behind it is, in my opinion, to be commended. I think it goes too far in relating the civil service to the Industrial Relations and Disputes Investigation Act and in making civil servants subject to it. I believe that any question of working conditions and salaries ought to come under the provisions of the Civil Service Act. For this reason I think a final decision on the bill before us, Bill No. C-14, should not be made until after the house has had an opportunity of examining and discussing the bill relating to the civil service commission which was introduced yesterday.

Mr. J. T. Richard (Ottawa East): For many years civil servants have been seeking a greater voice in deciding the problems which affect their working conditions and their salaries. The bill which is now before us is a repeater and members of this house who have been here for some years are familiar with its content.

As the last speaker said, I think we all find the purpose of the bill to be commendable in that it would give a greater voice to the civil service in deciding matters which affect them. However, at this stage it would be a little premature to agree entirely with the provisions contained in the bill. In the first place I am not at all impressed with the idea of making use of the House of Commons as a final court of justice in deciding all the problems of civil servants because I think we could have sessions which would last a full year in which the time of the house would be employed doing only that.

If I were to draft a bill according to my own views I would rather stop right there and say that once the report had been made it would be final. In that way there would be at least some finality. There would never be any finality if the report were subject to debate in the House of Commons. I am sure there would be large sectors of the house

that would never want the question to come to a vote or to make their own views known with any finality on some of the problems that would be brought before the house.

I do not agree that the House of Commons should be the final court of judgment as stated in the bill. I do agree, however, that the time has come when there will have to be not only consultation but some provision under which civil servants and the government could agree to have a board or some meeting place where there will be an opportunity to make their representations and to have some finality in the decisions.

I would speak to greater length on this subject were it not for the fact that we have on the order paper Bill No. C-71 which we cannot discuss here today but which I hope in a short while will be considered not only in the house but in a committee. At that time we will have the views of the various civil service organizations in Canada and we will be able to express our own views.

To my friend the hon. member for Skeena (Mr. Howard) I say that I agree with the principle of the bill but in view of the fact that we will be discussing Bill No. C-71, perhaps at an early date, there will be ample opportunity then to make known our views and to find out exactly what means the different organizations of civil servants in Canada are able to suggest to remedy a situation which must be corrected.

Mr. E. J. Broome (Vancouver South): Mr. Speaker, I believe that the house has expressed general agreement with the purpose of the bill through previous speakers. I feel that the views expressed by the hon. member for Ottawa East (Mr. Richard) come close to what we all think with regard to this matter.

I want to give credit to the hon. member for Skeena (Mr. Howard) for amending his bill this year in an effort to answer some of the criticisms which were made of it last year. I feel, however, that his effort to make these changes has led him into even more trouble. I simply point out the fact that the hon. member has chosen the wrong way in which to deal with this problem.

I disagree with some of the expressions the hon. member used in his opening remarks when he spoke of members of the civil service and their representatives waiting on the Minister of Finance (Mr. Fleming) usually with cap in hand and when he used the expressions "inequality in pay schedules result in favouritism" and "the lack of knowledge on the part of some political figure" meaning, of course, the Minister of Finance.

The hon. member knows very well that pay schedules are recommended through the pay research bureau of the civil service commission and that the commission is in charge of setting up classifications and minimum and maximum wages which will apply to each classification and is supposed to be in the position of reviewing these classifications.

Referring to the debate of last year I find that at page 801 of *Hansard* of February 5, 1960 the hon. member for Skeena used expressions which do not help the cause he is championing. He said, for instance, as reported at that page:

> This government in its dealings with its employees, is just about as cheap and chiselling as any private industry I have run into.

He spoke about the employees being treated with scorn and disdain. He described them as second-class citizens. In his remarks today the hon. member said that the civil servants were in second-class positions and were second-class citizens and that their income and working conditions were decided upon by a political figure for whom one can only assume the hon. member has not much respect. That is certainly not the climate in which to present a bill the object of which is felt to be good in its intention. The bill itself, however, is a poor measure.

In dealing with that portion of the bill relating to a conciliation board the hon. member pointed out that the board would be composed of one member nominated by the Minister of Finance and one nominated by the employee association or union. If the nominees could not agree upon a chairman, the Minister of Labour (Mr. Starr) would nominate the chairman. As I read the bill the report brought in by this board would be binding upon the employees but not upon the employer.

In his remarks last year the hon. member indicated that the intent of this bill was to cover civil service employees and the employees of crown corporations. As reported at page 801 of *Hansard* of February 5, 1960 the hon. member said:

> If there are rights and principles to be established so that justice will be equitably applied, these rights and principles should apply across the board to all employees whether they work for the Department of Labour under the direction of the Minister of Labour or whether they work for Canadian National Railways, Trans-Canada Air Lines or any of the other crown corporations.

We know that at least the employees of the C.N.R. are served by some of the soundest unions in Canada. As I read this bill the hon. member is now saying to those employees and unions, in effect, "You shall now have compulsory arbitration which will be binding on you, the employees, but which will not be binding on your employers."

I wonder how anyone who claims to have been a union official and who claims to speak on behalf of the unions can put forward a

proposition of that nature which takes all rights away from the employees and vests them in a board which, according to the hon. member's statement, in respect of the government nominees would be composed of a member and perhaps a chairman nominated by people on whom the hon. member seems to have no reliance and in whom he has no trust or faith.

The report of that board must be binding on the employees if it is accepted by parliament under the terms of this bill. What if parliament wants to amend the report? What if there were any increases or changes to reduce any benefits that might be given? Parliament could make those changes and those changes would be binding on the employee.

I remember that in the estimates committee we reviewed the workings of the civil service commission. It does seem to me that within the civil service there are many areas where employees have just grievances, and there is no opportunity for them to air their grievances and to bring them out into the open or to get corrective action. I would refer to one instance only and that is in regard to rating cards for civil service employees. There should be uniformity throughout the service, but we find that one department will have a supervisor rate an employee and show the rating to the employee. In another department an employee is rated and he can never see the card, or find out what his superiors said about him. He has no idea what his rating is in that department. There is the right of appeal, of course. But, as we heard, in many instances the right of appeal did not mean very much. In any service as large as the civil service of Canada, you are bound to run into cases of favouritism, bias and discrimination. It is those areas of working conditions which hurt just as much as does the matter of take-home pay.

As the hon. member for Parry Sound-Muskoka (Mr. Aiken) has pointed out, on March 2, Bill No. C-71 respecting the civil service of Canada was introduced. This is in keeping with the speech from the throne which said that a bill to revise the Civil Service Act would again be submitted to parliament. The bill is now before us. As the hon. member for Parry Sound-Muskoka indicated, we cannot discuss the details of the bill but it contains provisions which will give us opportunity for a full discussion of how there shall be consultation and meetings between representatives of staff organizations and the civil service commission or such persons as may be appointed by the Minister of Finance to take care of those problems which concern the various service organizations. When that bill is up for discussion there will be ample opportunity to debate this section and others which have to do with the setting up of pay scales. There will be opportunity for full debate on second reading, and when the bill is referred to the special committee, as the hon. member for Ottawa East said, there will be opportunity for the civil service associations to appear and make their views known. There will be equal opportunity for hon. members to find out what are the facts and then in their judgment to decide how the house should deal with those particular problems. Therefore, Mr. Speaker, there is really no particular point in discussing this bill at this time.

I can remember the time a year ago when the hon. member for New Westminster (Mr. McLennan), other British Columbia members and I met with the joint action committee. There we met with the chairman of that committee, Mr. Stan Stonier, one of the finest civil servants it has been my pleasure to meet. I can truthfully say that when tempers ran highest these were reasonable men who had a spirit of give and take and with whose aspirations I have the fullest sympathy.

I regret that we should be discussing a bill such as this and that the remarks made on its introduction should be so out of keeping with the spirit of the bill. We have a bill before us and we shall have a committee which will give it full consideration. In addition we have a royal commission which is to make recommendations for better operation of the civil service and perhaps within their recommendations many of the points covered by the hon. member will be taken into account.

I move the adjournment of the debate, Mr. Speaker.

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

Mr. Howard: On division.

On motion of Mr. Broome the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I have an indication from the house leader of what the business will be for next week?

Mr. Churchill: Monday will be private members' day. On Tuesday we will commence with item No. 11 on today's order paper, which is a resolution in the name of the Minister of Finance dealing with the tariff board.

The second item on Tuesday is No. 1 on today's order paper, second reading of Bill No. C-47, to amend the Fire Losses Replacement

Account Act. The third and fourth items on Tuesday will be items No. 5 and No. 6 on today's order paper dealing with certain insurance companies acts, and these will be referred to the banking and commerce committee, so I expect that there would not be a prolonged debate on those two items. That is a firm arrangement for Tuesday.

For Wednesday I am not able to be as specific. This is subject to change, but on Wednesday we will likely be considering the Civil Service Act, which in its turn will go to a special committee as it did last year.

Next is the agricultural development resolution which we were dealing with the other day—it is No. 16 on today's order paper—and the income tax bill, which is No. C-73. Members should be prepared for these items next week, but I will know more definitely on Monday night whether these are the items and, if so, in what order they will come. If we make any progress with the legislation on Tuesday and Wednesday, then on Thursday, either at the beginning of the day or shortly thereafter, we will carry on with the estimates of the Department of Labour, unless the opposition wants to change to something else. We will carry on with these estimates on Friday. In view of the fact that the opposition changed the order of business today, I hope they will not mind if I change the order of business next week.

Mr. Chevrier: We may want to change it again.

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

HOUSE OF COMMONS

Monday, March 6, 1961

The house met at 2:30 p.m.

COMMITTEES OF THE HOUSE

STANDING ORDERS—CONCURRENCE IN FIFTH REPORT OF STANDING COMMITTEE

Mr. R. A. Webb (for Miss Aiken) moved that the fifth report of the committee on standing orders, presented to the house on Thursday, March 2, be concurred in.

Motion agreed to.

Third report of standing committee on miscellaneous private bills—Mr. McCleave.

UNITED NATIONS

CONGO—STATEMENT ON CLASH AT MATADI

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, the house will wish me to make a statement about the incident which took place over the week end in the Congo when Canadian soldiers were involved in fighting between United Nations forces and Congolese troops at Matadi, a port city on the Congo river some 160 miles southwest of Leopoldville, and the chief sea supply centre for United Nations operations in the Congo.

At about noon on Saturday, March 4, Leopoldville time, elements of the Conogolese army attacked a United Nations force stationed at Matadi. This force consisted of Sudanese infantry and a detachment of the Royal Canadian Corps of Signals which was operating the communications station for the United Nations command at that centre. The United Nations force returned the fire. The building in which the communications station was housed was hit by anti-tank, mortar and small arms fire.

Direct communications between the United Nations headquarters in Leopoldville and Matadi ceased at about 4.30 p.m. Saturday, Leopoldville time.

As soon as information of the attack was received in Ottawa on Sunday morning the Canadian permanent representative in New York, under my instructions, got in touch with the secretary general to try to establish the facts and to express the grave concern of the Canadian government about the fate of our men.

I also instructed the Canadian consul general in Leopoldville to see President Kasavubu and the Congolese central authorities to express the anxiety and indignation of the Canadian government at the treatment of these and other Canadian personnel sent out to the Congo as part of the United Nations effort to restore stability and order. He was instructed to call upon them to do everything in their power to ensure the safety and protection of Canadian personnel. He was also to approach the representative of the secretary general in the Congo and the United Nations commander to obtain the release of our men.

Yesterday afternoon I received a report from our permanent representative in New York that a cease-fire had been arranged by the United Nations authorities with the Congolese at 11 a.m. local time on March 5. A period had been arranged for the exchange of prisoners and for the restoration of order, and for this purpose a mixed United Nations-Congolese commission was being set up. This report gave the names of the Canadians involved in the fighting as follows: Captain G. E. Belanger, Staff-Sergeant L. H. Harris, Sergeant F. B. Wood; Signalmen C. G. Bates, R. M. Beggs, C. B. Bostwick, G. A. Janules, D. J. Murphy and H. B. Strike.

In this initial report no Canadian casualties were listed but seven Sudanese troops were reported missing. It was stated that the secretary general had sent a protest direct to President Kasavubu about the Canadian and other detainees. Yesterday afternoon I received a further report from the Canadian permanent representative who had been informed by UN headquarters in New York that eight of the nine Canadians whose names I have given had been released and brought from Matadi to Leopoldville by United Nations plane. Three of our men were described as slightly wounded.

It was stated that Captain Belanger had not been included among those released by the Congolese forces to the United Nations. Captain Belanger had gone out to arrange a cease-fire at about four o'clock Congo time, March 4, and had not been seen thereafter. He was therefore listed as missing and action was taken to have his next of kin informed.

However, according to a report received half an hour ago, Captain Belanger has since arrived unhurt in Leopoldville. After the anxiety caused by the prolonged uncertainty

about his fate, I am sure the house and Canadians everywhere will share my relief at this good news.

At this time I can only add that the Canadian government is deeply conscious of the indignation which must fill the hearts of all Canadians at the way in which Canadian troops have been treated by the Congolese forces. The Canadian government, through the United Nations Congo advisory committee in New York, is consulting with other governments which have forces under the United Nations command about the serious situation resulting from the apparent lack of control by Congolese authorities over their own troops, and about measures which can be taken to remedy the situation.

The United Nations is taking steps to build up the strength of its forces, and it is hoped that the presence of reinforcements will enable it to give increased support to its operations, especially in outlying areas.

Hon. L. B. Pearson (Leader of the Opposition): I am sure all members of the house will have heard with both interest and relief the statement the minister has just made about the position of our Canadian troops with the United Nations forces in the Congo. There has, understandably, been created during the week end anxiety about that position in view of the reports which have come from the Congo; and while I think all Canadians realize that our members of this force have to face difficulties and dangers in an unprecedented operation of this kind, especially when facing troops of the local governments who seem to get out of control much too easily, nevertheless we all feel that whatever security can be given to them by the United Nations should be given. In particular, I think, anxiety was created by reports in the press to the effect that United Nations forces in defending themselves against the attacks were at times runing out of ammunition.

We can all join the minister in the tribute he has paid to our forces in the Congo, who have shown courage and discipline beyond all praise.

Mr. H. W. Herridge (Kootenay West): I am sure all Canadians were concerned over the reports which were being received over the week end, and on that account we particularly appreciate the statement made by the Secretary of State for External Affairs. Also, I might say, we congratulate him on his prompt inquiries into this situation which so greatly concerned the Canadian people.

I am sure everyone is relieved to know that all the personnel who were mentioned are now safe. I am certain it is correct to say that this incident highlights the fact that Canadian troops and forces in the Congo are taking risks and making great sacrifices for a cause to which we are all devoted.

[Mr. Green.]

BUSINESS OF THE HOUSE

SUBSTITUTION OF NAME OF SPONSOR OF MOTION

Mr. O. H. Phillips (Prince): By unanimous consent it has been agreed that the name of Mr. Macquarrie (Queen's) be substituted for that of Mr. Macdonald (Kings) as sponsor of the notice of motion No. 7 as set out in the routine proceedings and orders of the day.

Mr. Speaker: The house has heard the request which has been made. Is there unanimous consent forthcoming for the change?

Some hon. Members: Agreed.

MOTIONS FOR PAPERS

ORDERS IN COUNCIL FIXING DUTIES

Motion No. 50—**Mr. Benidickson:**

For copies of orders issued by the Minister of National Revenue since December 1, 1958, under the provisions of section 38 of the Customs Act for the purposes of fixing duties.

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): Mr. Speaker, in the absence of the minister, who has not completed the examination of the documents, may I ask that this motion be allowed to stand.

Motion stands.

UNEMPLOYMENT INSURANCE COVERAGE INSTRUCTIONS—FORESTRY

Motion No. 61—**Mr. Racine:**

For a copy of coverage instructions C-411, C-440 to C-444 inclusive, and of any amendments thereto, with regard to employment in forestry, as contained in the new insurance coverage manual issued in October 1955 by the unemployment insurance commission, together with the corresponding instructions contained in the insurance coverage manual issued in January 1950.

Mr. R. D. Thrasher (Parliamentary Secretary to the Minister of Labour): Mr. Speaker, in the absence of the minister may I ask that this motion stand.

Motion stands.

ACCESS ROAD, WERNER LAKE, ONT.

Motion No. 67—**Mr. Benidickson:**

For a copy of all agreements and correspondence between the governments of the province of Manitoba and the province of Ontario and the federal government since May 1, 1957, relating to the construction of an access road or a road to resources to serve the metal properties situate near Werner lake, northwest of Minaki in Ontario.

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, this motion is acceptable subject to the usual reservations.

Mr. Speaker: Perhaps the minister would indicate the reservation he has in mind, in accordance with our discussion of the other day.

Mr. Dinsdale: The main reservation, Mr. Speaker, has regard to the agreement of the provinces. Also, some of these documents have been tabled on previous occasions and in this case will be excepted.

Mr. Speaker: Subject to the explanation is it the pleasure of the house to adopt the motion?

Motion agreed to.

NAME FOR INTERPROVINCIAL BRIDGE OTTAWA-HULL

Motion No. 68—**Mr. Caron:**

For a copy of all letters, telegrams, contracts, agreements, and any other documents exchanged between the federal government, the provincial governments of Quebec and Ontario, and the municipalities of Hull and Ottawa, since June 1960, with respect to a name for the bridge to be erected over the Ottawa river connecting the cities of Hull and Ottawa.

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, this motion is quite acceptable subject to obtaining the agreement of the provinces of Quebec and Ontario.

Motion agreed to.

BRIDGE CONSTRUCTION, OTTAWA-HULL

Motion No. 69—**Mr. Caron:**

For a copy of all correspondence, telegrams, contracts, agreements, and other documents exchanged between the federal government and the provincial government of Quebec, since November 15, 1955, concerning the construction of a bridge over the Ottawa river between the cities of Hull and Ottawa.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, this order is acceptable subject to obtaining the consent of the provincial government.

Motion agreed to.

CKY-FM STATION, WINNIPEG—STATEMENT BY B.B.G. CHAIRMAN

Motion No. 70—**Mr. Benidickson:**

For a copy of the statement of the chairman of the board of broadcast governors referred to by the parliamentary secretary to the Minister of National Revenue, February 27, 1961, (*Hansard*, page 2448) relating to an application by radio station CKY Winnipeg, for authority to establish an FM broadcasting station.

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): Mr. Speaker, this motion is quite acceptable.

Motion agreed to.

DRUGS—REGULATIONS RESPECTING QUALITY CONTROL

Motion No. 71—**Mr. Howard:**

For a copy of the proposed regulations by the food and drug directorate of the Department of National Health and Welfare regarding the control of the quality of pharmaceuticals, and for a copy of all telegrams, correspondence, submissions, and other documents received by the department or the directorate regarding the said proposed regulations, and for a copy of all communications exchanged between the Minister of National Health and Welfare and the director of the food and drug directorate or any other person regarding the said proposed regulations, since July 1, 1960.

Hon. G. E. Halpenny (Minister without Portfolio): Mr. Speaker, in the absence of the minister I would ask that order No. 71 stand.

Motion stands.

OTTAWA—EVACUATION PRIORITIES IN EVENT OF NUCLEAR WAR

Motion No. 72—**Mr. Fisher (for Mr. Regier):**

For a listing of names and addresses on a priority basis of all those people who are supposed to be moved out of Ottawa to a supposedly safe place of refuge in case of a nuclear war.

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, perhaps I might say a word about this motion. On August 10, 1960, the Prime Minister reported to the house—his statement is to be found in *Hansard* at page 7943—on provisions for continuity of government in wartime. He said:

> Provision must be made for suitable accommodation and essential communications. The functions to be carried on in an emergency must be determined now and individuals who will be concerned must be selected and trained.

The various federal departments involved in plans for continuity of government have been engaged in selecting the required key personnel. They would staff the central emergency facilities, together with personnel of the Canadian army. They would endeavour to meet those responsibilities arising in the emergencies of nuclear war.

It is not considered in the public interest that the names of those officials or their functions be publicized at this time. I am sure hon. members will appreciate that should this terrible emergency arise, it would be very unfortunate if enemies were able to take steps beforehand simply because of some information of this kind having been disclosed to the house.

Mr. Speaker: In the absence of the hon. member in whose name this motion stands on the order paper I cannot very well ask that it be withdrawn. I suggest that it stand until he is present, when a request for withdrawal might be in order.

Motion stands.

Inquiries of the Ministry

COMMONWEALTH CONFERENCE

REPORTED STATEMENT OF PRIME MINISTER OF MALAYA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Acting Prime Minister a question arising out of a statement attributed to the Prime Minister of the Federation of Malaya on reaching London to the effect, and I quote, "There is some understanding between Mr. Diefenbaker and me". He was referring to the South African question now before the prime ministers' conference. Can the Acting Prime Minister give the house some indication of the nature of this reported understanding?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, of course this was a newspaper report, and the statement may have been made as the result of a question, but so far as I am aware there is no understanding between Canada and any of the other countries as to what will be done at this conference.

EXTERNAL AFFAIRS

ESTABLISHMENT OF PEACE CORPS TO AID UNDERDEVELOPED COUNTRIES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. In view of the general support of Canadians for economic and technical assistance to underdeveloped countries, has the government given any consideration to the establishment of a specially trained corps for work in underdeveloped countries, along the lines of the peace corps being established by President Kennedy?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, as the hon. member knows, Canada has been very active in promoting various types of assistance, including the training of personnel from other nations, and in the sending of Canadian personnel abroad. I announced in the house on Friday a new plan under which a Canadian university would be co-operating with the University of Malaya. We are doing everything we can to extend technical assistance of every kind which is at all feasible. I think there are also some volunteer activities being undertaken, for example, in Toronto, but we have not adopted the plan announced by President Kennedy. We are following it with great interest, and the hon. member can rest assured that, if feasible, any plan that seems to make common sense will be of great interest to the government.

Mr. Argue: A supplementary question. Can the minister inform the house what assistance the federal government is giving in the provision of French speaking teachers for various parts of the world from which such requests have been made recently?

Mr. Speaker: I take it that the hon. member has not been able to give notice of this question. It seems to me it is one of those which would require statistical information. It might well go on the order paper.

Mr. Argue: On the point of order, Mr. Speaker, I think the Secretary of State for External Affairs is well acquainted with this field and with the requests that have been made.

Mr. Green: Mr. Speaker, we are trying to work out a plan under which assistance of this type will be given. I am not yet in a position to make any announcement, but we are very much interested in such a plan. There would seem to be a very big scope for Canadian assistance to the new French speaking nations.

NATIONAL DEFENCE

BOMARC MISSILES—INQUIRY AS TO USE OF ATOMIC WARHEADS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Associate Minister of National Defence. In view of the statement by the minister that the two bases now under construction at North Bay and Mont Laurier will provide an effective defence shield against an attack on major Canadian industrial areas, a statement which he made at a mess dinner in Montreal on Saturday as reported in the *Gazette* this morning, does this mean that the government has now decided to equip the Bomarc missiles with atomic warheads?

(Translation):

Hon. Pierre Sevigny (Associate Minister of National Defence): Mr. Speaker, in answer to the hon. member's question, I must say that, in fact, I did state Friday night that the Bomarc missiles were considered an effective defence against bomber attacks. In the course of my speech, I did not develop any point other than the one I just mentioned.

Mr. Chevrier: May I ask a supplementary question, Mr. Speaker? In view of the statement he just made, may I ask the minister

at what time nuclear weapons will become effective for the protection of industrial areas in this country?

Mr. Sevigny: Mr. Speaker, in reply to the supplementary question of the hon. member for Laurier, I should like to tell him that it has been stated quite often that the Bomarc missile can be equipped with a nuclear or conventional weapon. As to the possible use of conventional weapons or nuclear missiles, I refer him to the many statements made in this house by the Prime Minister on this matter. I think that the hon. member for Laurier is familiar with those statements.

(Text):

PETAWAWA—INQUIRY AS TO RESULTS OF INVESTIGATION

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to ask the Minister of National Defence a question. Because of the great interest created across Canada by the announcement that he had sent an investigating team of three staff officers to Petawawa to look into certain matters of interest, and in view of the fact that, according to the press, they made their report last Friday, is the minister now in a position to inform the house and others who have a great interest in this matter as to the findings of the investigating team he sent to Petawawa last week?

Hon. D. S. Harkness (Minister of National Defence): No, Mr. Speaker. The officers concerned have not yet made their report to me.

AIRPORTS

WINNIPEG—REQUEST FOR PROGRESS REPORT ON NEW TERMINAL BUILDING

On the orders of the day:

Mr. Gordon Chown (Winnipeg South): Mr. Speaker, I have a question for the Acting Minister of Transport, which he can take as notice. Would the Minister of Transport obtain a progress report on the construction of the new terminal building at Winnipeg's international airport, with particular emphasis on the use of Canadian content, the settlement of the access road problem and the status of the tenders to construct the main building, which were opened at Ottawa on November 25, 1960, with the lowest bid being by Commonwealth Construction Limited?

Hon. George H. Hees (Acting Minister of Transport): In the absence of the Minister of Transport I will take the question as notice and bring it to his attention when he returns.

Inquiries of the Ministry

TRANSPORT

BORDEN, P.E.I.—ACCIDENT TO CAR FERRY "PRINCE EDWARD ISLAND"

On the orders of the day:

Mr. O. H. Phillips (Prince): I should like to direct a question to the Acting Minister of Transport. Is he in a position to report on the accident suffered by the car ferry *Prince Edward Island* on Friday last?

Hon. George H. Hees (Acting Minister of Transport): Yes, Mr. Speaker. I wish to thank the hon. member for giving me notice of his intention to ask this question. The management of the Canadian National Railways advise that due to difficult navigation and weather conditions the car ferry *Prince Edward Island* struck the pier at Borden. The extent of the damage to the ship is not known at the moment, but an inspection is now being carried out which will determine whether or not drydocking will be necessary. The management add that the motor vessel *Abegweit* is capable of maintaining the service between the island and the mainland satisfactorily.

FISHERIES

NEWFOUNDLAND—REPORTED OPERATION OF FOREIGN DRAGGERS AT NIGHT

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I wish to direct a question to the Minister of Fisheries. Will the minister please advise the house whether an investigation was made by the destroyer *Sioux* to ascertain whether foreign trawlers have been fishing within the three mile limit of the cost of Newfoundland? If so, what was the result of the investigation?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, about a week ago, owing to reports of a number of foreign fishing vessels operating near our territorial waters in the general area of Port aux Basques and Rose Blanche, I asked assistance from the Department of National Defence for patrol work in that area. They provided an aircraft and the assistance of the destroyer *Micmac* for several days. I have not received a full report from the *Micmac* (as yet). When I have received it I will report to the hon. member. There is nothing further I can add at the moment until I have a further report.

SINCLAIR REPORT—INQUIRY AS TO TABLING

On the orders of the day:

Mr. Frank Howard (Skeena): If I may, Mr. Speaker, I should like to address a question to the Minister of Fisheries and ask him

whether today is that long awaited and eventful day on which he will table Doctor Sinclair's report.

Hon. J. A. MacLean (Minister of Fisheries): Yes, Mr. Speaker.

DOMINION-PROVINCIAL CONFERENCE

REQUEST FOR PRINTING OF ILLUSTRATIVE TABLES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): In the absence of the Minister of Finance I should like to ask the parliamentary secretary whether he would be willing to table and seek permission of the house to have printed in *Hansard* the three illustrative tables, the names of which I could give but I do not think he would ask me to do so, that were distributed at the same time as the Prime Minister's proposals to the federal-provincial conference and were made public at that time, so they will be available in *Hansard* to hon. members for purposes of reference.

Mr. Richard A. Bell (Parliamentary Secretary to the Minister of Finance): I shall draw the hon. gentleman's request to the attention of the Minister of Finance, who will be back in the house tomorrow and will be able to deal with it.

UNITED NATIONS

CONGO—REQUEST THAT SPECIAL ALLOWANCE FOR SERVICE PERSONNEL BE RETROACTIVE

On the orders of the day:

Mr. W. H. Payne (Coast-Capilano): I should like to direct a question to the Minister of National Defence. It has been reported in the press that the commander of the Canadian forces in the Congo has asked that the special allowance authorized for Canadian troups in that area be made retroactive to the date of the establishment of the force. Has the government given any consideration to this recommendation?

Hon. D. S. Harkness (Minister of National Defence): Yes, Mr. Speaker. The house will recall, I think, that based on a treasury board recommendation it was announced on February 10 that all ranks serving in the Congo would receive a special allowance of $100 a month in addition to their normal pay and allowances, retroactive to December 1, 1960.

Now, after consideration of all the factors involved, the government has decided to make the special allowance payable to all Canadian forces who have served in the Congo, effective from the date of their arrival in that area.

At the present time the Canadian army has some 280 soldiers serving in the Congo and the Royal Canadian Air Force has approximately 30 officers and men stationed there.

Hon. L. B. Pearson (Leader of the Opposition): Is the minister not aware of the fact that when this question was asked of him from this side a short time ago he said that no change was contemplated.

Mr. Harkness: Mr. Speaker, I have not the *Hansard* before me, but I do not think I said that no change was contemplated at that time. However, whether or not that is the case, a change has now been made.

TRADE

URANIUM—INQUIRY AS TO REVISION OF U.K. CONTRACT

On the orders of the day:

Mr. John Drysdale (Burnaby-Richmond): Can the Minister of Trade and Commerce indicate to the house whether he has received any inquiries from the United Kingdom government or the United Kingdom atomic energy authority concerning possible cancellation or renegotiation of a uranium contract involving 24 million pounds of uranium, delivery to be made commencing March 31, 1963?

Hon. George H. Hees (Minister of Trade and Commerce): No, Mr. Speaker. The Canadian government through its crown corporation, the Eldorado company, has a firm contract with the British atomic energy authority. I have received from the British authorities no indication that they do not intend to honour this contract. In fact I would be greatly surprised and even amazed if I received such an indication from them, because in my opinion the British government has always been a government which honours its obligations.

WHEAT—INQUIRY AS TO FURTHER SALES TO CHINA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): In the absence of the Minister of Agriculture I should like to ask a question of the parliamentary secretary, arising out of a report that the general manager of the Australian wheat board is going to Peking from Hong Kong in order to discuss further sales of wheat to communist China. My question is this. Is the Canadian delegation now in Hong Kong for the purpose of negotiating a further contract also going to Peking to this end?

Mr. W. H. Jorgenson (Parliamentary Secretary to the Minister of Agriculture): I have no knowledge of this matter, Mr. Speaker. However, I will draw the question to the minister's attention.

POST OFFICE DEPARTMENT

INQUIRY AS TO ALTERATION IN RATES ON FOREIGN PUBLICATIONS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to ask the Postmaster General a question, of which he has had notice of a kind. Has the government under consideration statutory changes which would alter either the classification or the postal rates paid on foreign published and printed periodicals which are transported by various methods into Canada and mailed here to Canadians?

Hon. W. M. Hamilton (Postmaster General): Until such time as the report of the royal commission on publications is presented and we have had a chance to study it, I do not think we can come to any decision in such a matter.

DEFENCE PRODUCTION

INQUIRY AS TO PROPOSED NEW PLANE EXCHANGE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I wish to direct a question to the Minister of National Defence. In view of the fact that a team of government representatives are in Washington ostensibly to negotiate an exchange of defence sharing contracts, as announced over the radio, will the minister comment on this announcement?

Hon. D. S. Harkness (Minister of National Defence): No, Mr. Speaker, I do not think it would be advisable for me to comment on the announcement.

Mr. Chevrier: I have a supplementary question. Will the minister say whether these negotiations concern the deal whereby Canada would be producing the F-104's for NATO countries and getting in exchange the F-101's from the United States for our NORAD squadrons?

Mr. Harkness: Mr. Speaker, I am not either going to confirm or to deny the hon. member's newspaper reports.

Mr. Chevrier: May I just say to the minister that it is not a newspaper report; it was an announcement over the radio. I was wondering whether the minister would comment.

FORESTRY

INQUIRY AS TO MEETING TO DISCUSS FEDERAL-PROVINCIAL CO-OPERATION

On the orders of the day:

Mr. Jean-Paul Racine (Beauce): Mr. Speaker, I should like to ask a question of the Minister of Forestry. Did the minister become acquainted with the decision taken by the Ontario, Quebec and New Brunswick ministers of lands and forests at a meeting held in Quebec city on February 17, which asked that the provincial governments concerned should have their say in the joint preparation of plans with the federal government, in dealing with federal co-operation and the expansion of the forest industry? If the answer is yes, would the minister care to make any comments?

Hon. H. J. Flemming (Minister of Forestry): Mr. Speaker, I thank the hon. member for Beauce for giving me notice of this question. I have received a communication from the minister of lands and forests of Quebec asking for a meeting with himself, the minister of lands and forests for Ontario, and the minister of lands and mines for New Brunswick, for the purpose of discussing joint agreements already in force in the three provinces whereby federal financial assistance is extended for the preparation of forest inventories, reforestation of vacant crown lands, the purchase of capital assets for forest fire protection, and the construction of access roads.

A meeting of the three provincial ministers I have mentioned, together with their officials, was held in Quebec city on February 16 and 17 at the invitation of the minister of lands and forests of Quebec. Our Department of Forestry was invited to send observers, and two of our officials were present. One of the chief subjects discussed concerned arrangements between the provinces for mutual assistance in forest fire protection.

INQUIRY FOR RETURN

CRESTON, B.C. AIRPORT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I intended to address a question to the Acting Minister of Transport, but he has just vanished. I will ask the parliamentary secretary, or if there is not a parliamentary secretary I should say the former parliamentary secretary. Exactly a month ago today I moved a motion for the production of papers with respect to the proposed establishment of an airport at Creston. That motion was adopted by the house. Can the appropriate person inform me whether these documents will be tabled prior to prorogation?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, the hon. member should not be as pessimistic as that. I will have the situation checked.

Inquiries of the Ministry

NORTHERN AFFAIRS

STATEMENT ON CARGOES LOST AT SEA

On the orders of the day:

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, on Thursday last the hon. member for Kootenay West asked the following question:

Has any cargo being transported by his department—

Meaning my department:

—in the northern parts of Canada been lost at sea recently?

I have had the matter investigated and the incident to which the hon. member refers seems to have occurred six months ago, when a boat was temporarily submerged. Toward the close of the shipping season last fall a small vessel, the *Ithika,* on charter from North Rankin Nickel Mines Limited, bound for the settlement at Rankin inlet, went aground outside Churchill. Its cargo included some departmental equipment, two electric generators and a small quantity of prefabricated housing material valued at approximately $21,600.

I understand that the bulk of the cargo was salvaged and that all our equipment—that is, the department's equipment—was recovered, except for a small quantity of repair parts valued at approximately $1,000.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I have a supplementary question. Could the minister assure the house that this was the entire cargo that was lost?

Mr. Dinsdale: Mr. Speaker, according to the information at my disposal that was the entire cargo that was lost.

Mr. Herridge: Mr. Speaker, in deference to the minister I will tell him privately what was lost.

DOMINION-PROVINCIAL RELATIONS

REPORTED STATEMENT BY PRIME MINISTER ON TAX SHARING

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Acting Prime Minister whether the statement made by the Prime Minister at a political convention in Quebec on Friday, according to the Montreal *Gazette,* that no province would receive less under the tax sharing arrangements than it had been receiving, applies to the provinces of Alberta and British Columbia.

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, all the statements the Prime Minister makes are accurate.

[Mr. Green.]

Mr. Pickersgill: Mr. Speaker, I wonder if I could ask whether this statement applies to Alberta and British Columbia.

Mr. Green: I have not seen the report of the Prime Minister's speech, and the hon. member knows very well that sometimes there is quite a difference between statements made and reports on those statements. But I repeat that the Prime Minister is in the habit of making accurate statements.

SHIPPING

NEWFOUNDLAND—REQUEST FOR ICEBREAKER SERVICE

On the orders of the day:

Mr. H. M. Batten (Humber-St. George's): Mr. Speaker, I should like to direct a question to the Acting Minister of Transport. Has the minister received representations from Woody Point, Bonne Bay, Newfoundland, requesting the services of an icebreaker? If so, could the minister advise what action has been taken?

Hon. George H. Hees (Acting Minister of Transport): No, Mr. Speaker, I have not. I used to receive those inquiries in the old days but, as hon. members can well imagine, I have not been receiving them this winter.

In the days when I used to receive them I found that the department always acted very quickly on them to give the Canadian people who were interested the required service without any delay. I am sure that practice is being carried on at the present time. I will check on this matter for the hon. member and confirm what I feel sure is the case.

WATER RESOURCES

WATER POLLUTION—STATEMENT ON PROTECTION OF GREAT LAKES

On the orders of the day:

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, on February 28 the hon. member for Laurier asked me the following supplementary question concerning water pollution:

My recollection is that the recommendations by the international joint commission to which the minister has referred applied to international waters. Have these recommendations approved by the two governments been implemented?

The answer is that the 1950 report of the international joint commission on the pollution of boundary waters and connecting channels was accepted by the governments of Canada and the United States. Canadian acceptance was given after consultation with the Ontario government.

We believe it is the responsibility of the province to implement the commission's recommendations. The government of the province of Ontario has taken an active interest in the matter and on March 28, 1956, legislation was passed in Ontario providing for the establishment of the Ontario water resources commission. This commission, which maintains liaison with the public health engineering division of the federal Department of National Health and Welfare, deals with sewage pollution in the great lakes and connecting channels.

Another supplementary question was asked by the hon. member for Lambton West, as follows:

Can the minister report to the house whether there has been any progress in the negotiations between the governments of Canada and the United States respecting the dumping of oil and sewage by ships using the great lakes system?

The answer to this question is as follows. The hon. member will recall that I have already referred to the regulations regarding the discharge of oil by ships operating in Canadian waters of the great lakes. To this I would add that the governments of Canada and the United States are aware of the problems associated with the disposal of waste, both from pleasure craft and from vessels employed in traffic on the great lakes and inland waters. Studies are being carried on by both governments to determine the suitability of existing methods of disposal. If suitable disposal methods are found, then consideration will be given to the possibility of drawing up the necessary regulations for implementation.

BUSINESS OF THE HOUSE

REQUEST FOR LIST OF OUTSTANDING RETURNS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to direct a question to the Acting Secretary of State. Has the hon. lady had a report as to whether the list of returns not complied with by the government, for which I asked about a week ago, has yet been compiled; and if not, could the hon. lady endeavour to expedite it?

Hon. Ellen L. Fairclough (Acting Secretary of State): Mr. Speaker, this is not one of the matters that came to my attention today, but I will be very pleased to inquire.

PRIVATE BILLS

AURORA PIPE LINE COMPANY

The house in committee on Bill No. S-2, to incorporate Aurora Pipe Line Company—Mr. Woolliams—Mr. Flynn in the chair.

On section 1—*Incorporation.*

Mr. Broome: Mr. Chairman, this bill was intensively considered on second reading. Many statements have been made in regard to it. Some of the statements have been made almost on the assumption by the speakers that it was a government bill, when everybody in the house should know that, as a private bill, the government is not involved in it in the slightest degree.

The chief government whip made this quite clear when he interrupted the hon. member for Burnaby-Coquitlam on February 13 and said, as is reported in *Hansard*, that the party whip was in no way involved in the decisions that are taken by hon. members in the private members' hour. There is no party whip on this bill. All members are entitled to speak on this bill as they think right and proper. When I spoke on second reading I said I would vote for the bill so it would go to committee, so that the questions which I wanted answered could be answered in that committee and we would obtain all the details on the bill.

The hon. member for Calgary South, speaking on second reading and asking the support of the house to give this bill second reading, said, as reported at page 1131 of *Hansard*, that if he was a member of the committee—

—I also intend to make a searching analysis once we have the witnesses before us.

He said further on the same page that after the committee submitted a report, this house would make a searching analysis of the report of that committee.

If I may refer to the minutes of the committee, I will deal first with the financial structure of this company. I would refer you, sir, to page 45 where, at the top of the page, the hon. members for Calgary South in directing a question to the witness spoke as follows:

You have already indicated to us certain basic principles of your financial structure. You have outlined the American participation and have made certain references in your opening paragraphs. You must have examined and given considerable thought as to why you wanted to proceed on the basis you have. Would you please elaborate on the details in your statement in regard to the necessity for this?

The hon. member continued as follows:

May I ask you one other question? Of course, you are aware of section 44 (d) of the national energy board—that in the final analysis, before a permit can be granted to you, the energy board must take into consideration the financial responsibility, financial structure, the method of financing, the extent to which Canadians should have an opportunity of participating, and so on. You are familiar with this section?

Before I go on to quote the reply given by Mr. Burgis I should like to return to the point

at which Mr. Burgis set out the basic principles of the financial structure of the company in question. It is to be found on the opening page of the report:

Hudson's Bay Oil and Gas Company Limited was incorporated under the laws of Canada in 1926 and its shares are listed on the Toronto stock exchange. Approximately 10 per cent of its outstanding shares are owned by some 12,000 public shareholders, 22 per cent by the Hudson's Bay Company and 68 per cent by Continental Oil Company. Despite the disparity in shareholdings of Hudson's Bay Company and Continental Oil Company, each have by agreement equal voting rights and equal representation on the board of directors. The present board of directors consists of three Canadian directors representing the Hudson's Bay Company, three American directors representing Continental Oil Company, two Canadian directors representing the public shareholders and two senior officers of the company.

That is the basic financial structure of the company.

Now we come to the reply made by Mr. Burgis to the question asked him by the hon. member for Calgary South. He replied as follows:

Yes. We take the point of view that this is a relatively small line, and it would be quite usual for an oil company to build it as part of their normal operations. In terms of public financing, back in 1957 our directors did offer public participation in the ownership of Hudson's Bay Oil and Gas, when there was no public clamour for ownership.

Mr. Smith (Calgary South): You say in 1957?

Mr. Burgis: Yes.

Mr. Smith (Calgary South): But, what was the final result?

Mr. Burgis: 9.6 per cent—approximately 10 per cent—of the outstanding shares are owned by some 12,000 public shareholders.

It is not only what is said in evidence given before the committee; what is not said is also of importance. The question asked by the hon. member for Calagary South was quite clear in its intent. Although the witness answered in part, he did not give a complete answer, because a complete answer would have left an impression entirely different from the impression left by the answer as printed in the report of the committee proceedings. The proper answer is that prior to 1957 the ownership of the Hudson's Bay Oil and Gas Company was 75 per cent with Continental Oil Company and 25 per cent with Hudson's Bay. The inference given here is that they offered shares to the public which were only taken up to the extent of some 9.6 per cent. Well, shares were not offered to the public. There were rights. I refer to the *Financial Post* survey of oils for 1958. On page 129, under the heading "Rights", that paper states:

Shareholders of Continental Oil Company and Hudson's Bay Company were given the right to subscribe to 1,744,592 company shares in September 1957—

[Mr. Broome.]

This is what the witness was referring to.

—at the rate of one share for each 15 of Continental Oil held or one and one sixth shares for each 15 shares of Hudson's Bay Company held. Any shares not taken up under the rights offered were subscribed to by the parent companies.

Well, the shares offered were 10 per cent of the total number of shares in that company. Before this offering there were no shares of the Hudson's Bay Oil and Gas Company on the public market and there were no shares held by any citizens of Canada or, indeed, by citizens of any other country as shares in that company. But after this offering, 10 per cent of the shares of the Hudson's Bay Oil and Gas Company were available to those people who had shares in either Continental Oil or the Hudson's Bay Company, and because of the provision of one for 15 in one case and one and one sixth for 15 in the other case, all the shares were taken up except some 34,623 which were not subscribed to, mainly because they represented fractional rights.

Thus the implication in the minutes of the committee that there are two Canadian directors representing public shareholders is hardly sustained, and I ask hon. members to note that the witness is most careful to say "public shareholders" and not "Canadian shareholders". They represent those people who were formerly shareholders of Continental Oil and Gas and Hudson's Bay Company. When the witness says there was no public clamour for ownership the implication is that they were ahead of public thinking in this country, but this is just not so.

I suggest that with regard to offerings of shares in pipe line companies—and this is tied in with this particular pipe line company and the operations of its parent companies—the people of Canada are as prepared to put their money into risk enterprises as are the people of any other country in the world. In support of this contention I should like to quote from a clipping which appeared in the Vancouver *Sun* of April 29, 1960. This states:

Alberta Gas Trunk Line Company hasn't formally announced its new $30 million preferred stock and debenture issue yet but local investment men are already worried about how they will fill the anticipated demand . . .

Investment dealers here say they expect to receive only small slices of the two $15 million issues and will be rationing the pie right from the start.

I would refer also to the financing of the Alberta Natural Gas Company a few months ago, when shares were oversubscribed two or threefold, and to the Trans Mountain Pipe Line Company whose shares, when made available to the public, were also oversubscribed three or fourfold. I suggest that at no

time has this company in question given the Canadian people the chance to participate in its operations even to the extent of one share, no matter what inference Mr. Burgis may have left with the committee. This does not strike me as being a searching examination of the operations of this company.

Now I should like to go on to another point which is referred to several times in the minutes of the committee. Section 44 of the National Energy Board Act, paragraph (d), is the pertinent part, and it states that as to financial responsibility the structure is designed to allow Canadians the opportunity of participating in the financing, engineering and general construction of the line. I think I have dealt with this subject sufficiently by mentioning that in regard to the financial end the Canadian people will not be allowed to participate even to the extent of one share.

What is the situation in regard to the construction of the line? I feel I am being fair to the sponsor of this bill, as I have informed him of the information I have at hand. If I say something with which he disagrees he can correct me. I assume that he has been in touch with his principles. The information I have in regard to the construction of this line in Canada is that 41 miles is to be built by the Hudson's Bay Oil and Gas Company, as well as the spur which goes across the border. There is only a half mile section to be built by Aurora Pipe Line Company. The contract for construction has been let to the R. H. Fulton Company of Lubbock, Texas. This was a negotiated contract and there was no chance whatsoever for any participation in this work by a Canadian company. When I conclude my remarks I hope the hon. gentleman will be able to correct me as to the accuracy of my information.

Mr. Woolliams: Would the hon. gentleman permit a question? Could you reveal the source of the information which you are quoting now?

Mr. Broome: I have said that I received my information as the result of a telephone call to Calgary, and that is as far as I will go. I believe it is for the hon. member who is sponsoring this bill to put the facts before the house. He has not done so up to this time.

The Chairman: I would remind the hon. gentleman for Vancouver South that I have not found out as yet the purpose of his remarks at this stage of the procedure. I do not know whether his remarks are relevant and, unless he indicates what his conclusion will eventually be, I have no way of deciding upon the relevancy.

Mr. Broome: I am attempting by my remarks to add certain information to the evidence given before the committee. I am adding information to the statements made in this house on second reading. Everything I have said pertains to the discussion on this bill. We have heard references made time after time to the effect that this company would be subject to the rules and regulations of the national energy board and the Alberta conservation board on oil and gas. The remarks I am making at this time have regard to the propriety of some of the statements made in the committee. I am elaborating on those statements in order to provide this house with certain information. I am very happy to be able to give this information at this time, because I feel that it should be brought to the attention of this house. It has been said that there would be a searching examination conducted in respect of the operations of the company, and I feel that that examination did not go far enough.

There were questions asked of the witness as to why Bill No. S-2, which we are discussing, carries a capitalization of $10 million when the Aurora Pipe Line Company intends to build only one half mile of this line at a cost of $15,000. The hon. member for Victoria also asked at that time if the construction of the one half mile section was all that company intended to do. It was brought to the attention of the committee that a latter part of the bill contained a request for permission to build pipe lines within Canada in the provinces of Manitoba, Saskatchewan, Alberta, British Columbia and in the Yukon and Northwest Territories. Evidence was given that eventually the line might be extended into these areas, but at this time the company wished to secure the privilege of doing so in order to obviate the necessity of coming back to parliament at a later date.

Mr. Horner (Acadia): Would the hon. member read the pertinent section?

Mr. Broome: I will read Mr. Burgis' answer, if that is what the hon. member desires. His answer is reported as follows:

> At the moment, sir, we have nothing else specifically in mind. However, we are, as are many of the other oil companies, in the pipe line business. Frequently, when we consider moving crude or condensate from one field or one market to another it might involve consideration of crossing interprovincial boundaries and at that time we conceivably could use Aurora to build more facilities, let us say, from the Yukon or Northwest Territories into Alberta or something like that.

I think I have read enough of the answer to give the sense of the situation.

Mr. Horner (Acadia): I was referring to the portion where Mr. Burgis went on to say that it is customary to include such a clause in the bill.

Mr. Broome: I agree that it is the customary thing to do. I am not referring to those subjects which come within the purview of the Alberta natural gas and oil conservation board. I am not trying to show that this line is economically sound, whether the reserves are sufficient, or to discuss any other item in this regard. I am now referring only to the basic foundation of this pipe line and how its application fits into our concept of ownership, control, construction and those items which are covered in the regulations of the national energy board, as well as the concept of the fundamental principles of this party and, I believe, of this government.

If this pipe line company intends to build only one half mile of line and then intends to make a connection with a line in another province I suggest the total expenditure would only be in the neighbourhood of $100,000. I suggest that the connection between Alberta and Saskatchewan would run only to $15,000; the connection between Saskatchewan and Manitoba, $15,000; the connection between Manitoba and Ontario, $15,000; and the connection between the Northwest Territories and Alberta would be in the neighbourhood of $15,000 each. Using this same reasoning, Trans-Canada Pipe Lines Limited would be a company involving only $50,000.

In view of what I have said, I have asked myself why the Aurora Pipe Line Company is not in a position to build the 41 miles which will be built by the Hudson's Bay Oil and Gas Company, and why they intend only to build the one half mile section. I have come to the conclusion that this is simply a device to allow freedom of action, away from the control of the national energy board, for a major section of pipe line. What this bill in effect says is that the company is going to spend $15,000 but will capitalize itself at $10 million in order to have some spare capital. This does not add up, in my estimation.

When we think of the discussion which took place in this house on second reading of the bill it is simply fantastic to me that from the very start the standing committee did not take minutes of its proceedings, particularly when we recall the criticism which was levelled at the committee in the other place. The committee on railways, canals and telegraph lines commenced its sitting at 10.30 a.m., and for 50 minutes the session proceeded without a shorthand reporter being present. At 11.20 a.m. the committee recessed when the hon. member for Yukon made a motion that the committee should recess until a shorthand reporter was available. The committee resumed its sitting at 11.30 a.m. and adjourned at 12.25 p.m., 55 minutes later. The committee tried to pick up the statements which had been made, but so far as the minutes of proceedings are concerned half of the work of the committee is a blank.

Mr. Horner (Acadia): That is not true.

Mr. Broome: It is not on record. I should like to say at this time—

Mr. Horner (Acadia): On a point of order, I think the hon. member has certainly left this committee under a false impression. At the beginning of the committee meeting Mr. Burgis read a statement, which took somewhere between 15 and 30 minutes, and that is all reported in the evidence that the hon. member has on his desk. It is true that about 15 minutes of the proceedings of the standing committee are not recorded in written evidence, but that is about all, and certainly not over half an hour.

Mr. Winch: That is not true.

Mr. Horner (Acadia): The evidence is there.

Mr. Broome: I did say the committee tried to pick up the lost ground, but Mr. Burgis' evidence takes up a page and a half. If it took 15 minutes to read a page and a half of evidence, then Mr. Burgis must have been reading awfully slowly. The point I should like to make is that right from the start I myself requested the committee to take evidence. I do not want to labour the point, but I did so because I was interested in the bill and I wanted to know what was said in committee. When this bill was before the other place there appeared as witnesses—

Mr. Winch: Did the hon. member say he sent a letter to the chairman of the committee which was not read?

Mr. Broome: No, I did not say that. I said that I advised the chairman and I advised the committee that I thought a record of the proceedings should be kept.

Mr. Chown: When?

Mr. Broome: I simply advised the committee that I thought minutes of the proceedings should be kept.

Mr. Chown: When?

Mr. Broome: Who wants to know the answer to that?

Mr. Chown: I do.

Mr. Woolliams: I should like to know the answer to that.

Mr. Winch: Does the hon. member happen to have the letter that he sent to the chairman of the committee, and would he read it to this house?

Mr. Broome: Mr. Chairman, all I wish to say is that I asked the committee to keep minutes of the proceedings. When this bill was before the other place the same witnesses appeared there, but at that time there was also in opposition Mr. James Scott, president of the Pembina Pipe Line Company, and in attendance but not heard were Messrs. Charles Crawford and A. Douglas Armour.

It is the responsibility of anybody who wishes to oppose a bill to make his wishes known to the chief clerk of committees, and then a meeting will be held so that those who oppose a bill may be in attendance. I wish to point out, however, that second reading of this bill took place on February 13 and the committee held its meeting on Tuesday, February 21.

I hold no brief for the Pembina group; I am not saying that this particular pipe line will or will not hurt them. I am not going to say whether, as between these two as operating companies, we should make a decision; but I do say that, on the point I am trying to make with regard to Canadian participation in financing, engineering, construction and the whole works, the Pembina people seem to me to have a much better record than the Hudson's Bay Oil and Gas Company for the reasons I have already outlined.

In the committee meeting many hon. members and the sponsor of the bill, the hon. member for Bow River, pointed out that this bill simply gives the company the right to incorporate, and that members of parliament in effect are exceeding their duty when they check into this in any great detail; that it is really none of their concern. At page 30 of the committee proceedings the hon. member for Calgary South, in questioning the hon. member for York North, who appeared before the committee, made the point that the hon. member for York North was not qualified to pass judgment on the technical aspects of this bill.

Mr. Woolliams: And he admitted he was not.

Mr. Broome: At page 44 the hon. member for Winnipeg South made this statement:

> I was just going to say that if they were strenuously objecting, they would be represented here by counsel. However, I think they realize this is a mere technical execution of a function of parliament and, undoubtedly, in the course of time they will appear before the energy board, if they feel disposed to do so.

It will be a sad day, Mr. Chairman, when we start to think of the operations of committees of this house and of the house itself as merely technical executions of a function of parliament. I say that every member has a right to ask questions on any bill, private or public, that comes before this house or before any committee of this house and try to ascertain the truth of the matter—

Mr. Woolliams: That is irrelevant.

Mr. Broome: —and that is what I have been trying to do. In regard to the operation of the committee itself, I should like to draw your attention, Mr. Chairman, to citation 491(1) of Beauchesne's Parliamentary Rules and Forms, fourth edition, which discusses voting in committee, and which reads:

> The names of the members attending each committee are entered by the committee clerk in the minutes; and when a division takes place, the clerk takes down the names of the members, distinguishing on which side of the question they respectively vote; and such lists are to be given in, with the report, to the house.

These minutes of the committee appear to me to be the report to the house, but the direction as laid down in this citation was not followed. There was a vote in committee; it was a vote in which the hon. member for—

The Chairman: Order. I must inform the hon. member that his time has expired.

Some hon. Members: Go ahead.

Mr. Winch: Let him proceed.

The Chairman: Is the committee giving its consent to the hon. member proceeding further?

Mr. Campbell (Stormont): Yes.

Some hon. Members: Agreed.

Mr. Broome: I wish to thank the committee for its courtesy, and I shall try not to trespass on the patience of hon. members any longer than necessary. As I said, Mr. Chairman, there was a motion in the committee moved by the hon. member for Westmorland and seconded by the hon. member for York East. The intent of the motion was to defer clause by clause consideration of Bill No. S-2 for a period of at least one week in order to give interested parties the privilege of appearing before the committee at the adjourned meeting. The said motion was negatived on the following division: Yeas, 5; nays, 8, or a total of 13 votes cast.

Two of the members who voted on the motion in the committee have an interest in the bill. I do not mean that they have a financial interest or anything of that sort; they have an interest in the bill because

they have been sponsors of it. First of all, the hon. member for Winnipeg South sponsored the bill in place of the hon. member for Bow River; then later the hon. member for Bow River came back into the picture. Section 2 of citation 292 of Beauchesne's Parliamentary Rules and Forms reads as follows:

> A member has been substituted for another on a committee of the Canadian Commons on account of the member originally appointed having acted as counsel for the parties interested in the matter before the committee.

I do not know whether a sponsor is in the position of acting as counsel, but when you have a very close vote of eight to five and two out of the eight are interested because of their sponsorship of the bill, the margin is very narrow. There is also the point that for the first time that I can recall the quorum of this committee is 10 members. According to the standing orders of the house the quorum of a committee of 60 members is 20. As all hon. members know, the quorum is then reduced to a more reasonable figure, usually to 15 members. This time the quorum was reduced to 10 members. This has nothing to do with the bill, except that a very limited number of members have made a decision with regard to whether time should be given for parties who may be opposed to the bill to appear before the committee and express their objections in the same way they did before the committee of the other place.

In no case, Mr. Chairman, am I supporting the viewpoint of the C.C.F. with regard to the economic feasibility of the line. I am simply talking about the matter of Canadian participation in financing, in construction and in the operation of the line. In this respect it seems to me that the Pembina group who opposed the bill in the other place—and I have no interest in that group—is operating more in keeping with the National Energy Board Act and with what that act says a pipe line company shall do than is the case with the company that is now before us.

I think I have pointed out that answers have not been full and complete. In my opinion it is ludicrous that we should have all this talk about a $15,000 project. It is nothing of the kind. As the sponsors and the people behind the bill know, they are asking for a capitalization of $10 million, yet what they are going to do is build a $15,000 pipe line.

It is too bad that this matter was not investigated more thoroughly in the committee. It is too bad that when the proposed Pembina pipe line construction is to cost $40 million, as I understand from the letter filed by the hon. member for Vancouver East, these people should talk about a $15,000 pipe line. In sponsoring the bill the hon. member for Bow River made this statement on February 13, as found on page 1979 of *Hansard*:

> I should like now to refer to this red herring, as I call it, which relates to our position in so far as United States capital and United States companies operating in Canada are concerned. My answer to that is briefly this. I have never considered any words used by any members of the cabinet or any members of the government as being against capital coming from anywhere, whether it was from the United States or any country in Europe.

No one will disagree with that statement. That is true. We welcome foreign capital in this country. However, the hon. member went on to say something really pertinent with regard to such capital. He said:

> The only thing for which this government has stood, and I am proud to be a Conservative in that regard, is that Canadians can compete on equal terms with capital coming into this country from other sources.

If the hon. member would change the word "compete" to "participate" so that the statement would read that Canadians can participate on equal terms with capital coming into this country from other sources I would be 100 per cent in agreement with him. What I have tried to do is to show that that right is not being given to Canadians under the proposed incorporation of this company, and no matter what the witness said it has not been given in the past. I think the bill deserves a much more searching examination in committee of the whole house than it received in the standing committee. I want to say right now that when the bill comes to a vote I will vote against it.

Mr. Horner (Jasper-Edson): Mr. Chairman, we have heard an exposition with regard to Canadian participation in the development of our resources in western Canada. The bill now before us concerns me particularly, because in my constituency in Alberta probably more oil and gas are produced than in any other constituency in western Canada. As a matter of fact the technical people who are opposing the incorporation of the Aurora Pipe Line Company, the so-called Pembina group, have their headquarters in my constituency and are now operating Pembina Pipe Line Company in that area. However, the Pembina field is only one of the fields in the area. The Hudson's Bay Oil and Gas Company also operates a number of fields in my constituency, particularly in the Whitecourt block, so-called, and they have been active recently in developing extraction plants and pipe lines in this area.

There is one other point which should be brought to the attention of the committee. Just recently hearings before the Alberta conservation board were completed with regard

to the application of the Pembina group to do what they want to do with the by-products for all of Alberta. Essentially they have proposed that they will build a pipe line system in Alberta and export up to 75,000 barrels per day of by-products into the Chicago market. These people who have come to us for incorporation under the name of Aurora Pipe Line Company have suggested that they have a market for something like 11,000 barrels per day through their marketing system in the United States. I am one of those who feel that we should try to develop any possible market for our petroleum industry and also for the by-products industry.

Several things were brought out in Pembina's presentation to the Alberta conservation board of which I think the committee should be made aware, and which in my view make it necessary for the house to pass the bill we are now considering. First of all, I should like to refer hon. members to the statement of the hon. member for Bow River with regard to incorporation. I think the principle of the bill is whether or not we are going to allow these people to incorporate. I believe in competition, and I think it is vitally important in this instance. However, in my opinion the bill does bring up a number of problems which we as members of parliament should be considering.

First of all, may I say that we have a tremendous amount of by-products which are going to become available in western Canada, very quickly, particularly in Alberta. I feel that we should be making representations to both levels of government with regard to doing more research into the utilization of these by-products in Canada, and in Alberta or Saskatchewan in particular, or wherever they may be. We should be encouraging the national research council to be doing work on the utilization and the marketing of these extremely valuable by-products.

In the second place, may I say this. This was one of the things on the application of Pembina. When hon. members think that this 75,000 barrels per day is a guaranteed market, they are not correct. This is a question of allowables. I would remind hon. members that a by-product is in essence a competitor with petroleum and therefore will have to be regulated by the conservation board in the same manner as is petroleum; and Pembina, to fulfil their obligations, will require a permit from the Alberta conservation board to delete the 75,000 barrels per day from the other allowables.

There is another matter about which I am particularly concerned, and I should like to say that I have no financial interest in any pipeline or oil company. However, as a member of parliament representing the constituency of Jasper-Edson I have some concern for the people who are working on this pipe line and for the farmers in my constituency who will want to use some of these by-products locally. I am alarmed by the statement of another Canadian company, namely, Canadian Hydrocarbons, that if Pembina gets what it wants to get, it will be in a monopoly situation and the domestic users in Canada will be hurt by their scheme. These are things which must be given consideration.

There are other means by which some of the by-products will be transported out of the area of production. We have before us another bill to allow the Canadian Pacific Railway to complete an extension into the Rimkey-Home-Glen extraction plant in order to transport these by-products. It is interesting to note that in the recent hearing almost 25 per cent of the producers who were allied with or who had contemplated selling the by-product to the Pembina western oil group, came out against allowing them to do so because they felt that this would put the Pembina group in a monopoly position.

Something has been said by the hon. member for Assiniboia about Texas buccaneers. I want to say to you, Mr. Chairman, that I am not too much concerned about putting any monicker on them. However, we in western Canada are against any kind of buccaneers whether they happen to come from Toronto or from south of the border. I want to say that in my constituency I have a great number of people who have come up from Texas and who are becoming able Canadian citizens. The solution of the question, therefore, is not quite as simple as has been suggested by the hon. member for Vancouver South but rather is an extensive proposition relating to an industry which will mean hundreds of millions of dollars a year and thousands of jobs. We therefore cannot just pass it off and say we are going to vote against this bill because of the technicality which the hon. member has brought forward; and that is the only reason that he brought it forward, as far as I can see. I would remind the hon. gentleman that the Pembina group have incorporated Foothills to build a little chunk across the border and the rest of the group will be doing the other part. That course in turn suggests to me that inside the Pembina group there will be little chance for any open tendering or bidding on any of the pipe-line construction which will be done by them.

I should therefore like to leave with the members of the committee what I think are three salient factors in this discussion. First of all, we want to see to it that as much

use as possible is made in Canada of these by-products. We want to make sure that the people who want to use propane, butane, methanol and condensates in Canada have an opportunity to do so on a basis of equality with anybody outside of Canada, if not on a better basis. I would remind my hon. friends that we have a potential market in the grey wood soils in Alberta for a tremendous amount of this sulphur which is going to be produced in this plant in order to upgrade the soils.

In the second place—and I agree with the hon. member for Vancouver South in this regard—we must make sure that Canadians are given an opportunity in the development, financing and construction of these lines and facilities. In the third place our policy must be dedicated to the general good not only of Alberta or Saskatchewan but of all Canada. I would remind hon. members that just recently, by resolution, the legislature in the province of Alberta has commended this government for its national oil policy and has upheld it 100 per cent. I do not think that we shall assist by defeating a bill to incorporate a pipe-line company which wants to make application along with several other competitors. It is not only a matter of the Pembina group versus Aurora. Husky, through its affiliated companies, would also like to have a network of pipe lines gathering in the by-product and taking it into the Chicago market. I also understand there are one or two other groups which would also like to do this.

However, as I said before, by defeating this bill we are not going to do anything that is going to help in any way. We have locally the Alberta conservation board which must pass on this application and which must set up the allowables. They report directly to the Alberta government. We have a national energy board which we spent a great deal of time setting up. At the time we did so we as members of parliament said that we are not capable of knowing all of the technical problems which are involved, and therefore we gave to the national energy board the power to sift these applications. We gave them certain criteria by which they were to operate. I am not going to repeat them now because other hon. members have done so, and I am sure the hon. member for Bow River will be able adequately to put them on the record.

I wanted to say these few words because it is most important in my area that some of these things be brought to the attention of the members of the committee. We shall not help the development of my particular part of the country by being restrictive or by trying to keep out United States capital. We will only help if we go forward and allow these people to incorporate. After that they have to prove their worth; they have to prove they are going to allow Canadian participation in financing construction and everything else.

This is what I think we should do in this regard. We should allow them to go ahead. We want a free country; we want a free industry. We can best develop the resources of western Canada by free, competitive enterprise, as has been clearly shown by the development of Alberta to date as compared with that of the neighbouring province of Saskatchewan.

Mr. Winch: Mr. Chairman, I know we have all listened with a great deal of interest to the remarks just made by the hon. member for Jasper-Edson. It was a truly magnificent demonstration of how to sit on the fence, present arguments on both sides and deny your own government's philosophical policy on Canadian development. There were quite a number of arguments as to why this bill should be defeated, and then it was sanctimoniously said, "Because of my constituents"—who are not even affected by this bill—"I shall have to vote for it". Then in the last sentence the hon. member referred to Saskatchewan, which is not even concerned in the bill now before the committee.

When this bill was first introduced in the House of Commons I opposed it on principle and on the basis of my understanding. I opposed it in committee. I am opposing it now in this stage of discussion, where we can discuss its principle. I have no hesitation in saying that as long as I am in order, on every stage of this bill as it goes through, I will oppose it. I will oppose it because it is a disgrace to parliament that we, the members of the House of Commons, should be asked to give our stamp of approval to the incorporation of a company which is detrimental to the good of Canada and detrimental to the good of the province of Alberta, as it is.

The only way to discuss and understand the import of this bill is to relate it to the oil industry of Alberta, not particularly as a straight petroleum production but only what this bill deals with; that is, the utilization of the by-products of the petroleum industry. I refer to the methanes, the butanes, the propanes and the condensates, none of which are now utilized in the province of Alberta.

The hon. member for Jasper-Edson, if I heard him correctly—and I think I did—indicated that Aurora Pipe Line Company or its parent company, Hudson's Bay Oil and Gas Company Limited, will be utilizing some of these things in Alberta. If that is what he

meant, then I say that is the exact opposite of what we were told in the committee by the four representatives of Aurora Pipe Line Company who appeared before us in the railway committee room.

I asked a direct question. It will not be found in the record of the first half of the proceedings of the committee meeting because that portion was not covered by a reporter, but you will find that the question was asked of the four men representing Aurora Pipe Line Company, "Do you intend to utilize, or have you any plans for utilizing the butanes, the methanes, the propanes, the condensates, any one of the by-products, in any existing industry in Alberta, or do you intend to establish any by-product industry in Alberta?" The answer was one word, "No".

Mr. Horner (Jasper-Edson): Mr. Chairman, may I just inform the hon. member that when I was talking about the Hudson's Bay Oil and Gas Company I mentioned very specifically the fact that they had an interest in what we call the Whitecourt field and that they were, along with other companies, at the moment building extraction plants at Winfield, Whitecourt and Edson in Alberta. The by-products which they are producing there have nothing to do with Aurora at the moment.

Mr. Winch: This bill concerns Aurora Pipe Line Company.

Mr. Horner (Jasper-Edson): Yes, but when I was making some general remarks I mentioned that Hudson's Bay Oil and Gas Company did have interests in other gas fields in the province of Alberta in this particular area. I said that these by-products would be available and are available for Alberta industry and Alberta farmers. That is all I said.

Mr. Winch: Then if what the hon. member for Jasper-Edson says is correct, this committee is being led astray, the provincial government of Alberta is being led astray and the people who invest money are being led astray. I say this because the hon. member has just said it has nothing whatsoever to do with the bill now before us for incorporation of this company and—

Mr. Horner (Jasper-Edson): I was talking about the general by-products industry.

The Chairman: Order.

Mr. Winch: You have had your say; allow me to have mine. At the moment I am concerned with facts.

Some hon. Members: Oh, oh.

Mr. Winch: We have before us a bill to incorporate Aurora Pipe Line Company, a subsidiary of Hudson's Bay Oil and Gas Company. Everything that we are being asked to approve in this bill is concerned with the collection and the export, not from Alberta as a whole but only from the cream of the oil area of Alberta, the southwestern area.

I am sorry; my hon. friend shakes his head. He had better not shake it too hard because it is empty and it will fall off. Obviously he does not know what this is all about.

Mr. Horner (Jasper-Edson): Mr. Chairman, may I ask the hon. member a question?

Mr. Winch: I am sorry; you can ask questions when I have finished. When this bill was before the committee in the railway committee room the four men who represented Aurora Pipe Line Company were asked, "Are there by-products of methanes, butanes, propanes and condensates?", and the answer was, "Yes".

They were asked, "In your planning and in the money you are going to expend are you going to assist any by-product industry in Alberta?" The answer was, "No". Then they were asked, "Is every collection for export to the United States?" The answer was, "Yes".

Then the question was asked "What is the anticipated export?" The answer was, "We anticipate 11,000 barrels".

This House of Commons is being asked to give its stamp of approval to a company that first of all has no interest in Alberta. Everything will be exported for secondary industry in the states of Idaho and Montana. I presented the plan to these four men and said, "Is that where it will go" and the answer was, "Yes, Idaho and Montana".

This is a company which will be exporting 11,000 barrels, and although incorporated for $10 million, their total expenditure, according to the evidence given before the committee, will be $1½ million. This is a company which, as was admitted by the proposer of the bill to the committee—and the evidence, of course, is completely conclusive—is owned very largely by outside interests. Aurora Pipe Line Company is owned by Hudson's Bay Oil and Gas Company and Continental Oil Company. Continental Oil Company owns 68 per cent of the shares and 22 per cent of the shares are owned by the Hudson's Bay Company. Only 10 per cent of the shares are owned by the public. The hon. member for Vancouver South demonstrated with facts and figures that it was not owned by Canadians at all; it was owned by shareholders of either Hudson's Bay Company or Continental Oil Company.

Therefore we have to consider this collection from only one section of Alberta for 100 per cent export to the United States,

the states of Idaho and Montana. The company is owned 68 per cent in the United States. The hon. member talked sanctimoniously about free enterprise and competition in this connection. This is a company to which we, the members of the House of Commons, gave our stamp of approval two years ago.

May I say I have no interest in Aurora Pipe Lines, nor in the Hudson's Bay Oil Company nor in Continental Oil Company, in Pembina or, indeed, in any other company. I have one interest only, and that is in the Canadian financing, Canadian control and Canadian development of Canadian resources.

Mr. Argue: That is the way you people opposite used to be, too.

Mr. Winch: Yes, that is the way hon. members opposite used to be and it is the way they are supposed to be now, the way set out in the speech from the throne. I ask the committee to remember that only two years ago, for the collection and utilization of oil by-products of Alberta as a whole, for the use of these products in Alberta and in Canada, and for their export only in the case of surplus, we granted the incorporation of the Foothills Pipe Line Company. In case there are Conservative members here who have forgotten, that company is owned 90 per cent by 2,000 Canadian investors, and of those 2,000 Canadian investors 50 per cent are citizens of Alberta. Moreover, 95 per cent of the company's financing—its debt financing—is from Canadian sources.

Is that company talking about a $15,000 short pipe line to be constructed at a total cost of half a million dollars? The answer is, no. Have they been able to get contracts to guarantee the money to finance the Canadian and American project? The answer has been supplied. The answer is, yes. One and a half million dollars—no, not one and a half million dollars—but $130 million. As well, they guarantee priority demand and supply for anything that can be required or developed in secondary industry in Canada as to the use of petroleum by-products, and in addition give an undertaking that only the surplus shall be exported to the Chicago market.

How different this is, reflecting the interest of all Alberta, not a segment of Alberta. The priority goes to Canadian industry first; export comes only second. It is a Canadian owned and controlled company, not an Amerian owned and controlled company. It is a company with $150 million, not one and a half million, and one that has contracts now. My hon. friend over there shakes his head. He cannot figure out why a socialist is speaking this way in a capitalist world. Well, it is because we have to face the realities of this world we live in, and in the transitional period from the old, decadent system of free enterprise to the new socialist era we shall assist in any way whatsoever where something can be done for the Canadian development and financing of our own Canadian resources.

An hon. Member: Amen.

Mr. Winch: The hon. member does not know the meaning of the word "Amen". He does not even know the meaning of "O Canada" or the Lord's Prayer, because if he did it would be Canada and the people first, always. Just think it over some time. I should like to meet the hon. member on a platform some day on that subject.

We ask the committee to make a ledger and put Aurora on one side, with all that it means, and put the other company and all it means on the other.

Mr. Horner (Acadia): There is room in Alberta for them both.

Mr. Winch: I do not know. I would like to see you and a couple of others try to get into one telephone booth.

Mr. Horner (Acadia): They got 17 in one.

Mr. Winch: It depends on the circumstances and it also depends on the circumference. We are now discussing the development and utilization of the petroleum by-products resources of Alberta.

Mr. Woolliams: I am glad you told us.

Mr. Winch: We say that anyone who is realistic, anyone who does not take a parochial view but a provincial and national view, will have to agree after a study of the facts that the introduction of the bill before us now was an absolute disgrace. It cannot result in a betterment of Canadian interest or in a more efficient development of Canadian resources. Behind it is only one thing, the fact that there is no capital gains tax in Canada, and this is another racketeering manipulation of a stock and corporation for the benefit of individuals; another group of Texas buccaneers who this time are called Continental Oil.

I am amazed that so many hon. members on the other side should have forgotten the words the Prime Minister used when he was on this side of the house in regard to certain oil company transactions. I take great pride in the fact that an hon. member from British Columbia should have risen first this afternoon and, as a Conservative, expose this bill asking that all of us should oppose it, as responsible members, and turn it down. That is the only right, honest and decent thing to do.

Mr. Horner (Acadia): I did not intend to speak on this bill, but having listened to the frantic speech of the hon. member for Vancouver East proclaiming Canadian ownership I am tempted to intervene.

Certainly I am in complete support of Canadians having some say in the planning and development of their country, but I certainly welcome additional capital to help in this development and that is what is taking place in the present instance.

Mr. Winch: Fifteen thousand dollars.

Mr. Horner (Acadia): Well, $15,000; but they are still going to provide a market for 11,000 barrels of our product a day. In their speeches on this subject on first and second reading the hon. member for Timiskaming and the hon. member for Vancouver East went on and on talking about the development of secondary industries. I know we must study this export picture because we do not want to export anything which could possibly be used to greater advantage here in Canada.

What is the actual content of it? I asked Mr. Burgis what the makeup of this product is and he replied that 90 per cent was gasoline. Certainly hon. members of this committee will not argue with the fact that there is a surplus of gasoline in Canada. We should try to create for this product as large a market as possible. That is precisely what we are doing through this bill. The hon. member for Vancouver East said that by supporting this $1 million expenditure we would do away with the possible expenditure of $150 million. Nothing could be further from the truth. There is a great demand in regard to the exportation of oil products in Alberta. The Pembina Pipe Line Limited would like to export 75,000 barrels per day. Certainly exporting 11,000 barrels per day would not do away with that proposition on behalf of the Pembina Pipe Line Limited.

What did the socialist party have to say last year when a similar bill was introduced in this house by the hon. member for Kindersley, a bill to incorporate the Northern Pipe Line Company which intended to export oil and oil by-products from Saskatchewan? There existed at that time a company exporting oil and oil by-products from Saskatchewan but this was an additional company intending to operate in that province. In a speech made by the hon. member for Burnaby-Coquitlam he is reported at page 4381 of *Hansard* for May 31, 1960 as follows:

> I should like to hear him, either when he concludes the debate or maybe this information can be made available when the bill is referred to the committee, on the reaction of the government of Saskatchewan in regard to the application for incorporation of this company.

The main concern of these socialists was to find out the opinion in this regard of their socialist friends in Saskatchewan. The hon. member for Kindersley at page 4381 of *Hansard* of the same date is reported as follows:

> I will see that that matter is taken up with the proper parties.

The hon. member for Kindersley is reported earlier in the same paragraph as follows:

> I am quite sure my hon. friend agrees with me that the government of the province is most interested in the development of the resources of the province and will do everything it can to co-operate with us in getting this company incorporated—

That was the only concern of the socialists at that time. They would be satisfied if it was satisfactory to those people in Saskatchewan. There was no great expenditure involved. I understand it amounted to some $12 million, but as long as the Saskatchewan government agreed then the hon. members here had no objection.

What do we find in their opinion today? We find that they are trying to make a mountain out of an ant hill. There is a $15,000 expenditure involved but they are trying to blow this up out of proportion and trying to claim that because we are going to grant permission to export 11,000 barrels per day we will disturb the possibility of exporting 75,000 barrels per day. I feel that any suggestion along this line is sheer nonsense.

What did Mr. Burgis say with regard to Canadian participation in this company? He said the board of directors consisted of three Canadian directors, representing Hudson's Bay Oil and Gas Company; three United States directors, representing the Continental Oil Company; two Canadian directors representing the public shareholders at large, and two senior officers of the company. I would suggest that the Canadians on that board of directors certainly have the right to participate and direct the affairs of the company. Certainly hon. members cannot object to the composition of that board of directors.

Those hon. members who object to the passage of this bill are attempting to create a monopoly as far as I can see. Nothing endangers democracy more than the creation of monopolies. The socialist party would like to create a monopoly and then get into power and take over this monopoly. Perhaps that is the reasoning behind their actions. I fail to understand what their main objection to this bill is except that they are perhaps attempting to raise a political fuss about it. The hon. member for Assiniboia appeared recently on television and said that if the party to which he belonged was in power it would socialize pipe-line companies. He said that

the government under the direction of that party would build its own pipe lines. If he intended to spend $15,000 I would suggest that he would not socialize much of this country.

I would certainly solicit the support of every hon. member in regard to this bill in an attempt to help create greater markets for the oil and gas industry in Canada. I feel there is sufficient gas and oil in Alberta to enable the Pembina Pipe Line Limited as well, as this company to export from Alberta.

Mr. Campbell (Stormont): The remarks I wish to make are few. Just because the devil is against this particular bill is not sufficient reason for me to support it. I think it is very salutary that this committee should scrutinize very closely any controversial bill coming before it. Some hon. members have said that it is only a bill incorporating a pipe line and it is purely a technical thing. I must say that we are not incorporating a laundry or a peanut stand or anything of that type but a pipe line. I feel that a pipe line or a railway or any public utility is of vital interest to the public and that it is incumbent on hon. members of this parliament to scrutinize the incorporation of any public utility very closely.

I understand that the building of a pipe line involves the powers of expropriation of private property and exploitation of natural resources. These are of extreme interest to the public and should be examined thoroughly at each stage of our proceedings. I say therefore that it is a salutary thing that we scrutinize this bill closely. This parliament or the government must not abdicate its responsibilities in favour of any board or commission even of its own creation. In the final analysis parliament is responsible and must accept that responsibility be it for ill or for the good of the Canadian people.

I have very little knowledge and certainly no interest in the substance of this bill but I think it is very important at this stage, as at every stage, that we scrutinize it. This is a responsibility we cannot abdicate, as I have said. I feel that we must look further into the matter regarding Canadian participation in comparison with other competing pipe lines. I do not think we can dismiss this as a technical matter and depend upon a provincial board or commission in regard to the establishment of a public utility such as a pipe line.

Mr. Howard: I have heard a few very interesting points raised so far in this debate. One point just made by the hon. member for Stormont had regard to the basis upon which we should look at bills of this nature. He suggested that we should examine the bill so as to find out if it serves the best public interest.

This is what we in the C.C.F. party have said in regard to this particular bill. We have been accused of having various ideas but those accusations are not true. We are attempting to make sure that this proposal is in the interests of the public. This is what we have been doing at each stage, and what we have been doing through the amendments which we have proposed at the different stages of the consideration of this measure. We have sought to find out whether this particular company if incorporated would in fact serve the best interests of the people of Canada or would in fact serve the interests of some other company in North America to a degree which would be detrimental to Canada. This was the sole basis of our discussion of the bill on second reading and indeed in the standing committee and in this committee also.

Regardless of hon. members on the government side of the house who have objected to this course and who have attempted on a number of occasions to raise points of order that would deter us from this course of action, like the hon. member for Stormont, we feel that we must at all stages closely scrutinize the company, its relations with other companies and with our industry and our economy, not only in Canada as a whole, but in the province of Alberta also, and its relationship with other countries.

In this regard I think we cannot be too careful, nor do I think we should be deterred from that course in quoting extensively from the provisions of the legislation setting up the national energy board. We should not say, as some hon. members from Alberta have said, "Well, after all, the national energy board has been established; it has certain functions to perform and accordingly we think we should give just a quick look at the bill before us and leave everything to the national energy board". We in the C.C.F. of course refuse to go along with the approach that merely because we establish a commission or a board with certain authority we should abdicate all of our responsibility and give to that board or commission the right to do everything.

As I said, I believe there are some hon. members from Alberta who advocate this approach. I do not think it is necessary to mention their names because it is not an issue in this particular instance. All hon. members know to whom I am referring. Their remarks are in *Hansard*, and in the record of proceedings of the committee, for everyone to read.

We approach this particular bill to incorporate the Aurora Pipe Line Company from this point of view. Will it serve Canadian interests? When I say "Canadian" I mean all of Canada. Will it serve Canadian interests to the fullest possible extent, or is it merely a smokescreen to serve the interests of others who are not Canadians, those for whom the Prime Minister apparently has great affection, contrary to the opinions he held about them a few years ago?

After listening to the two hon. members from Alberta who have spoken today one would think that each of them is putting in his oar for the leadership of the Social Credit party. I refer to their references to the welcoming of capital—

Mr. Horner (Acadia): Tim Buck is supporting the hon. member.

Mr. Howard: My hon. friend knows full well that Tim Buck does not support me.

Mr. Hodgson: Yes, he does.

Mr. Howard: My friend knows full well also—perhaps he does not know, but I will tell him—that the commies have supported the Conservatives in many instances that I know of.

Mr. Hodgson: Not Tim Buck.

Mr. Horner (Acadia): Not publicly.

Mr. Howard: No, they do not dare do it publicly; they want to help you, that is why.

Mr. Horner (Acadia): Tim Buck says he will support you.

Mr. Winch: I will be amazed if the hon. member is not paying him to do what he is doing.

Mr. Howard: I know my friend has a one track mind and likes to cast aspersions whenever he gets the opportunity.

Mr. Horner (Acadia): The hon. member is doing a very good job.

Mr. Howard: This is typical of a fascist-minded individual, to grab onto the tar brush and smear everybody and everything when he cannot defend his own position in supporting a certain line of action, Mr. Chairman.

Mr. Horner (Acadia): The hon. member has cast aspersions on some other hon. members and now he is objecting when something is said about his party or himself.

Mr. Winch: If you live in a glass house, don't throw stones.

Mr. Horner (Acadia): I don't live in a glass house.

Mr. Howard: I am trying my best to proceed in an orderly way but certain things get in the way from time to time. It amazes me but the hon. gentleman, and I am using the singular, appears to have a screw loose in his head; it is the one which controls his tongue. The hon. member for Acadia interjected his comments, and perhaps I should deal with one or two of them. I did not particularly intend to deal with them, but what he said earlier in this debate made me wonder whether he had in fact read the speech from the throne or heard about it, because it was the speech from the throne that contained the reference to Canadian control of corporations. The hon. member is advocating something entirely contrary to that in that he is advocating the establishment of the Aurora Pipe Line Company regardless of Canadian control or of the speech from the throne. I do not know whether he heard the references in the baby budget to Canadian control of corporations.

Mr. Horner (Acadia): Don't put words in my mouth.

Mr. Howard: The hon. member's approach to this question is obviously contrary to the announced policy of his government.

Mr. Horner (Acadia): It certainly is not.

Mr. Winch: That is a fact; the hon. member may as well take it.

Mr. Howard: I did not realize that the hon. gentleman had such an effect upon the government. I did not realize that the government supported this particular bill, but obviously it does and it did not mean what was said in the speech from the throne about Canadian control if we can believe what the hon. member for Acadia says. Obviously, the Minister of Finance did not know what he was talking about in announcing government policy about the Canadian control of industry. We have just had word about the government policy in this regard but apparently it was not correct. I know the Prime Minister says a lot of things from time to time, but I did not realize that he was quite so off base as he apparently is in this regard.

Mr. Horner (Acadia): On a point of order, Mr. Chairman, the hon. member has implied that I said something which I never said. In my speech a few moments ago I read from the committee proceedings the amount of participation that Canadians would have in the direction of this company. There would be three Canadian directors and three United States directors; there would be two Canadian directors at large and two directors at large from the company. Certainly this points

out that Canadians will have good participation, in fact a better participation in this company than their share holdings would warrant. Certainly Canadians will have a fair amount of control of this company.

In my remarks I said that this government and Canadians wanted to have some say in connection with the development of their natural resources, but certainly we welcome financial capital and aid in the development of those resources.

Mr. Winch: The Hudson's Bay Oil and Gas Company is 67.8 per cent controlled by Continental Oil Company of the United States of America.

Mr. Howard: I do not know whether the hon. gentleman has the inside track on those things or whether he is misinterpreting what is contained in the committee's report, but let me read from the *Financial Post's* survey of industrials for 1960. Let us keep in mind, Mr. Chairman, that the Hudson's Bay Company is the parent company of Hudson's Bay Oil and Gas Company Limited, the company sponsoring this particular Aurora Pipe Line Company bill, the gentlemen who were before the committee. What about the Hudson's Bay Oil and Gas Company Limited which is the company sponsoring the Aurora Pipe Line? It is owned to the extent of 22.6 per cent by the Hudson's Bay Company and 67.8 per cent by the Continental Oil Company of the United States of America. I am reading from the *Financial Post's* survey of industrials.

If that is not sufficient indication, may I point out that information about the ownership of this particular company was also given by the hon. member for Winnipeg South, the co-sponsor of the bill, and by Senator Thorvaldson who sponsored the bill in the other place. Whom am I to believe? Am I to believe the rash and brash hon. member for Acadia or am I to believe the hon. gentleman who appeared before the committee?

Mr. Horner (Acadia): There again, this is in the evidence. If the hon. member did not believe it he should have asked Mr. Burgis to clear it up. The hon. member was at the meeting of the committee and he did not raise the matter at that time. He sat there like a bump on a log. Now he gets up and speaks just to take up the time of the house.

Mr. Howard: If it is a question of taking up time without contributing anything, obviously we have just had a good exhibition of that. If the hon. member for Acadia wans to engage in side issues of this sort I would ask him to remember that I said initially that it is the approach of the C.C.F. that we do not want to give up our responsibility and do not think that parliament should give up its responsibility, as the hon. member for Stormont said, to committees or boards or commissions or other bureaucratic organizations that are established. We do not believe in quoting extensively from the acts establishing these boards to show that they have certain powers and then saying that we do not have to do anything except to give the bill a cursory examination and then pass it. That is what the hon. member for Acadia said as found on page 39 of the proceedings of the committee. I will read the whole paragraph so I will not be accused of misquoting. He said:

> Mr. Cathers and I agree on a lot of things. I agree with him in his theory—

In his theory.

> —that parliament should not pass on to boards anything which would be within the jurisdiction of a member of parliament. I have a gross dislike of how boards have used people at times. In this case, however—

Now he qualifies it.

> —a company is here asking to be incorporated. What if the company already was incorporated and wished to export this product? It would not come to parliament at all. It would go to the national energy board. In other words, the national energy board is set up to serve a function. You and I would not have a voice in this if the company had been incorporated already. In other words, a company which already is incorporated and which wished to compete with Pembina could present argument and you would not have an opportunity to say too much about it.

There is this twofold approach again, Mr. Chairman—

Mr. Horner (Acadia): I disagree.

Mr. Howard: —obviously designed to overcome his remark on second reading when he said the same thing only more definitely, that we should give up this responsibility—

Mr. Horner (Acadia): I never said anything of the kind.

Mr. Howard: —that we should not concern ourselves too much with the full effect of the incorporation of this company. His attitude was: Let us not look too carefully into the effect this is going to have. After all, we have the national energy board. Let us just pass the bill without too much argument. Let us not inquire too much into the effect it is going to have. After all, we have got the national energy board, a Tory appointed—

Mr. Horner (Acadia): On a question of privilege, Mr. Chairman, the hon. member is again putting words in my mouth in saying that I made this statement for a reason. I presented an argument to the hon. member for York North who had put forward an

argument against the bill and had said that the committee should investigate it fully. I placed a proposition before him. I asked him whether, if the company had already been incorporated, parliament would then investigate the matter and his answer was "no doubt not". I just used an example to try to point out to the hon. member for York North that the national energy board had a purpose and a function. The hon. member for Skeena has gone on to interpret my remarks as meaning something that I certainly never said and certainly never meant to say.

Mr. Howard: Mr. Chairman, this is not the first time we have seen hon. members opposite interpret what they said initially and which they wish they had not said in the first place. An example, of course, is the veterans affairs committee where hon. gentlemen opposite practise politics and wish that they were not on the government side. That is just another indication. In any event, I suppose the theory is that if you are on the government side you should not worry too much about anything—

Mr. Horner (Acadia): That is absolutely false and you know it.

Mr. Howard: —or inquire into anything too much. My friend is going to get apoplexy if he is not careful. Even when I am speaking in general terms he seems to think that what I say applies to him. I cannot help that. If the hat fits he will have to pull it right down over his ears and make it quite obvious that he thinks of himself in these terms which I have only used generally.

The hon. member for Jasper-Edson made one reference which I should like to have cleared up, and I am sure he will be able to clear up any misunderstanding on my part in a more gentle way than has been the case in the last few moments. The hon. member for Jasper-Edson referred to Pembina, the other parent company of Foothills, and I understood him to say that Pembina would in fact be a monopoly and that this would be injurious to the people living in the Whitecourt field and that part of the country around Edson and Jasper. I would ask the hon. member to let me complete my statement before he replies. I understood him to say that under Pembina there would be no open bidding on the pipe line itself because it would be a monopoly that would operate to the detriment of all concerned including those who might want to bid on the supplying of pipe, I presume, or on the construction of the line. I understood him to say that there would be this rigid, monopolistic control which would not be advantageous to everyone concerned. I see that the hon. member is rising and perhaps he may want to clear up that point before I proceed.

Mr. Horner (Jasper-Edson): I appreciate the opportunity to clear up the hon. member's misunderstanding and I assure him I will do so gently. First of all, I said that the representations before the Alberta conservation board created some doubt and that some of the people opposing Pembina's application felt that if it were granted Pembina in effect would have a monopoly on the by-products industry in Alberta. I mentioned particularly Canadian Hydrocarbons, the local domestic distributors of propane, butane and associated by-products.

I might tell my hon. friend that this has nothing to do with Whitecourt field which is in essence another gas field now being developed and which will be linked up with the export of gas to California. Various by-products will be available from that field. This has nothing at all to do with Pembina.

What I did say was that there was some fear in Alberta that if Pembina were granted a licence to do what they wanted to do they would be in a monopoly position. It is also a well known fact that Pembina is connected with a pipe line contracting firm. As a matter of fact, their agreement with Standard Oil was filed before the Alberta conservation board and it sets out that Standard will look after the engineering and construction of the pipe line for Pembina. I do not know whether the hon. member is aware of the arrangement that Pembina and Foothills have with Standard of Indiana.

Mr. Howard: I gather that the hon. member asked me whether I was aware of the arrangement that Pembina had with Standard Oil. That was dealt with rather extensively at another stage. It is interesting that one point has been cleared up by what the hon. member has just said. Notwithstanding all his earlier remarks about his own constituency, we can see now that Aurora Pipe Line Company has absolutely nothing to do with it and that it is far removed from it. That is the point I wanted to clear up.

Mr. Horner (Jasper-Edson): We were discussing the by-product situation in Alberta generally.

Mr. Howard: I want to point out also that, if we are going to draw inferences—and I think we must do so in this instance especially in view of the comments of the other member of the hon. gentleman's party who is rather closely related to him—the inference is that Pembina is by itself of not much value to Alberta because it is a monopoly.

Mr. Horner (Jasper-Edson): Not at all.

Mr. Howard: All right. Pembina is not a monopoly or will not be a monopoly.

Mr. Horner (Jasper-Edson): I think this matter should be cleared up, Mr. Chairman, because I do not want the hon. gentleman saying things which he knows are false.

Mr. Howard: Oh, I would not do that.

Mr. Horner (Jasper-Edson): Not unless you could get away with it. What I said was that evidence was brought before the Alberta conservation board to the effect that if Pembina and associated companies received a permit to do what they wanted to do, they would in fact have a monopoly. I did not say that I said they had a monopoly. I said that qualified people who appeared before the Alberta conservation board had said they might have a monopoly. I would appreciate it if the hon. gentleman would at least stick to a few facts.

Mr. Howard: I am always interested in facts, but there is no sense in getting excited about the matter.

Mr. Horner (Jasper-Edson): I am not excited.

Mr. Howard: The hon. gentleman said, if I have it correctly this time, that apparently qualified experts who appeared before the Alberta natural gas conservation board said that if Pembina gets a licence it will in fact be in a monopoly position.

Mr. Horner (Jasper-Edson): That is correct.

Mr. Howard: I do not know whether the hon. gentleman, in making that reference, agrees or disagrees with it. I think we all know that we tend to draw forth factual statements in order to support a particular position of our own. I hope the hon. gentleman does not agree—he may do so; I do not know—but I should like to know whether he agrees or disagrees with the comments of those qualified experts, namely that Pembina will be in a monopoly position.

This is an extremely important matter, Mr. Chairman. I do not want any member in the opposition to misunderstand my position. I tried to clear up this matter on second reading and I tried to make it quite clear in my opening remarks today. My position and that of the C.C.F. with regard to this matter is not one of Pembina versus Aurora or Foothills versus Aurora or whatever the name might be. It is a matter of which is going to be to the greatest advantage of Canadians and of Albertans; in this instance, their interest is one and the same. I want to have that point particularly clear because I do not want hon. gentlemen opposite later on to be going out and accusing me of supporting a monopolist corporate structure. That is why I want to get this particular point clear. But if it has been made clear that the hon. member for Jasper-Edson is not in fact himself saying that Pembina will be a monopoly or in a monopoly position—

Mr. Horner (Jasper-Edson): Of course I am not saying that.

Mr. Howard: —but is only saying what others have said—

Mr. Horner (Jasper-Edson): That is right.

Mr. Howard: —then we have that point cleared up; and I hope that later on no one—because he may say that I opposed Pembina or opposed Aurora—will make the accusation that I was in fact supporting a monopoly. I want to get that point clear—

Mr. Horner (Acadia): Oh, oh.

Mr. Howard: —because there are other people, like the one who has again broken the rules by speaking from his seat, who may make these accusations and cast reflections on what people do at every turn of events, every time they get the opportunity to do so; and even when they do not get the opportunity, they are prone to do this.

In any event the point of view from which we must approach this matter is this: Is it or is it not beneficial to Canada, compared with other circumstances, to have this particular company doing the things it seeks to do under the corporate powers which it seeks and with the financial structure it seeks to have? Moreover, is there something additional that it seeks to do or that it might do with these corporate powers and with this financial structure? This matter we can deal with a little bit later.

At this time I should like to say this. I do not see the hon. member for Vancouver South in the chamber at the moment. He may be unavoidably absent. However, I should like to say that the hon. member for Vancouver South in his initial comments did a decent analytical job on this Aurora matter and outlined his position quite clearly. When this bill was before the house for second reading it will be recalled that those of us who wanted to find the full implications of it were told that we would get the full story and the full picture in the standing committee. We were told that one of the reasons why standing committees existed in so far as private bills were concerned was that people would have an opportunity of appearing and of presenting their case, and that committee members would have an opportunity of querying them about all and sundry matters in which they might be interested.

In this particular instance—whether by coincidence or by design, I do not know—it was unfortunate that one of the major organizations, or rather the other major corporate organization concerned about the particular bill was not able to be there. We know they appeared before the committee of the other place, although that committee kept no record. We almost kept no record either, not having done so until we were part way through. In any event we know that Aurora and Foothills appeared before the committee of the other place and I think every hon. member of the house expected that they would also appear before our committee on railways, canals and telegraph lines which considered this particular bill. Unfortunately, they did not do so. This failure to appear left a fairly large gap in the evidence which was presented.

As the hon. member for Vancouver South said, it is not always so much what is said in a committeee that matters but rather what is not said. I am quite sure that the Hudson's Bay Oil and Gas people who were there were presenting information—I do not say they were hiding anything—and arguments which would support their particular application and that they would not in fact present arguments which would support Pembina's stand if it was opposed to them. This is a natural course for people to follow. However, we reached the committee and we did not get the information in full or complete form.

Perhaps this is a good time at which to mention that possibly what we need on these committees or attached to them is a staff of research people who will be able to go into these subjects and advise members of the full impact of things so that all members of the committee and of the house will have a better opportunity of assessing the effect of them. However, perhaps this is not the point at which to deal with that matter.

In the committee the hon. member for Westmorland attempted to do what I think was the decent thing to do. It is unfortunate that it was not carried out. As found at page 46 of the minutes of proceedings and evidence of the committee—and this was fairly well at the completion of the evidence of the Hudson's Bay Oil people—he moved as follows, and I quote his words so that I will not be accused of paraphrasing them. He said:

> But, I move that before going on with the clause by clause discussion, that the meeting be adjourned to a later date in order that anybody who might oppose the bill will have an opportunity to give evidence before the committee.

Then he went on further to state as follows:

> However, I think it is our duty to give the public ample opportunity to get here, and for that reason I am going to move that this committee hearing be adjourned for a period of one week before we take it clause by clause.

I think this was the decent and correct thing to do, especially in view of the earlier evidence which was given by the hon. member for York North. I make reference to him only in the sense that he appeared and gave evidence. It is quite true that he mentioned the fact that he had a particular axe to grind in that he was a shareholder in the other company which had opposed this Aurora Pipe Line Company bill before the committee of the other place. I will quote what the hon. member for York North said as reported at page 37 of the minutes of proceedings and evidence of the committee. This was after we finally got shorthand reporters there. The hon. gentleman was not reported in his initial evidence. In any event, he did say:

> It is in answer, I think, to a remark by Mr. Winch about how this was advertised. I would like to add that the Pembina people had intended to be here, but the hearing is going on today in Calgary before the conservation board, so they could not be here.

I subsequently asked him whether they desired to appear, and so on. He claimed that he would not know because he appeared, as I understood it, not as an agent or representative of Pembina but as an individual shareholder. In fact, when he finished his evidence I think he said something to the effect that perhaps Pembina would rather he had not come.

However, the hon. member did point out at the committee meeting on Tuesday, February 21, 1961, that the Pembina people had on that day intended to be here but they were before the Alberta oil and gas conservation board. That was extremely unfortunate.

Following upon that the hon. member for Westmorland moved that the meeting be postponed for one week. There was then some argument as to whether or not the meeting was adequately advertised. Reference was made to the fact that advertisements had been placed in the *Canada Gazette* and the newspapers. Undoubtedly there was advertising in connection with the formal notice of petition for a private bill, without reference to the actual date of the meetings of the standing committee on railways, canals and telegraph lines.

I should point out in this regard that it would be pretty difficult for those advertisements to have contained the actual date of the meeting of the committee.

The Chairman: Order. I am sorry to interrupt the hon. member but his time has expired. Shall clause 1 carry?

Mr. Peters: Mr. Chairman, I am quite sure that the hon. member for Skeena would

like to continue. I will just say a few words and then he can carry on. I think we were indeed fortunate in this house, and in the committee, to have people on the committee who were not concerned with hearing only one side of the matter. We were indeed fortunate to have on the committee such people as the hon. members for Vancouver South, Vancouver East and Skeena. These members were interested in seeing that both sides of the story were presented.

Mr. Horner (Acadia): Mr. Chairman, would the hon. member permit a question? Does he know how great a part the hon. member for Skeena took in the committee? Does he know how many questions the hon. member for Skeena asked in the committee? Has he read the committee proceedings?

Mr. Howard: I will tell you.

Mr. Peters: The hon. member for Skeena is quite capable of telling you himself how many words he spoke in the committee, if that is what you want to know. However, although I am not a member of the committee, I did sit in on the committee meeting and listened to the discussion. I think these three hon. members put forward a fairly comprehensive argument in support of the contention that the application of Aurora Pipe Line Company was not all that it seemed to be, nor was it all that the sponsor of the bill indicated.

I am suggesting that hon. members of this committee who did not have the opportunity to sit in on that committee, and who have not taken the opportunity of reading the minutes of proceedings and evidence of the committee, would have been quite impressed with the presentation made on behalf of the opposition which should, in my opinion, have had an opportunity of being there.

In this regard I should also point out that the hon. member for York North brought quite a number of points to the attention of the committee that would not otherwise have come up. I think the members of this committee and those who are interested in pipe lines being built by Canadians for the distribution of Canadian products for the benefit of Canadians would have been quite impressed by the presentation that was made on their behalf.

Mr. Howard: Mr. Chairman, perhaps it may be an interesting sort of diversion if I counted the words I used in the committee, as required by the hon. member for Acadia; but I do not intend to do that. He knows the answer to that question as well as I.

I think that on the question of personal participation as between himself and myself in the committee, he was perhaps more verbose than I. There is no doubt about that. This applies in the house also.

However, I was dealing with this matter and I should like to continue. I had raised the matter as to whether or not there was a full opportunity for interested parties, particularly Pembina, to attend this committee meeting. That day they were unfortunately before the Alberta oil and gas conservation board. Because they were unable to attend that committee meeting, I wonder whether they should not now be given the opportunity of appearing. This could be done by the committee undertaking—perhaps we should do this in a formal way later on, Mr. Chairman; I merely toss out the idea as a suggestion—to rise and report progress and recommending that the bill be referred back to the committee. In that way interested people who were prevented from appearing earlier could now appear.

There was some argument about this. Pembina were obviously the major corporate organization that was interested; they appeared before the committee of the other place which dealt with this particular bill. The hon. member for York North, who appeared as a witness, stated that Pembina intended to be in Ottawa, but unfortunately they had to appear before the Alberta oil and gas conservation board on that day. There was quite a discussion in the committee about advertisements. It was said that even though there was no date in the advertisements pointing out when this committee of the house would be meeting, nevertheless anybody who wanted to find that out could do so.

This is quite true. Anybody who wanted to find out when the committee was meeting could do so. I do not wish to quote the words of the hon. member for Acadia, who told somebody else that he had no vital interest in it and then mentioned to my hon. friend for Vancouver East that he could have found out and that other people could have found out, but the words are there. It is a fact that if something is to be presented before a committee of this house, and it is set down for hearing, anyone who is interested can in fact find out when that committee will meet. It is published in the *Journals,* a letter to a member of parliament will obtain this information, or it can be obtained by a communication to the clerk of the committee. There are a number of ways of discovering when a committee is going to meet.

However, the fact of the matter is that on February 13 this year this bill passed second reading in the house. After extensive debate, on February 13 it passed second reading and was referred to the standing committee. One

week later, on February 21, the committee met to consider the bill. There was only one week between the time the bill was read a second time and its perusal by the committee.

The Pembina people, who had a vital interest in this matter, who the hon. member for York North said were going to appear and who had appeared before the committee of the other place, could not be here on February 21. Why could they not be here? It was because they were appearing before the Alberta oil and gas conservation board. They obviously could not be in two places at once.

Even if the Pembina interests had known—and I am not saying that they did not know—that February 21 was the day set for the hearing, do you think they could have prevailed upon the Alberta oil and gas conservation board to postpone its hearings so that they could come to Ottawa? I think not. The Alberta oil and gas conservation board undoubtedly has a number of people appearing before it in connection with applications for licences. Undoubtedly they have a number of hearings and have to set a schedule and keep to it as much as possible.

The decent thing would have been to follow the suggestion made by the hon. member for Westmorland and postpone the actual clause by clause consideration of the bill for one week in order that interested people could be there, and specifically in order that one interested group of people—and I am not advocating their case at the moment; I am merely pointing out that they were an interested group, Pembina and the Foothills company—could be present. It would have been proper to postpone the clause by clause consideration for one week in order that the Pembina people could have come forward to present their point of view, put forward their ideas and participate in eliciting information from the Aurora people, and vice versa, in order that some of the unanswered questions which are still in the minds of hon. members might be answered so that at this stage the committee of the whole considering this bill might have a more complete picture than the one-sided picture we have at the moment.

I do not wish to cast any reflection on the action taken by the committee, because that action has now been taken, but I think it was regrettable that this course should have been followed when postponement of the discussion for one week could have meant all the difference in the world. As I suggested before, I do think this committee of the whole might reasonably express the view that an opportunity should be given to the Pembina people to appear and present their point of view. I do not know whether this should be done in any formal way at the moment. In fact, I do not know even if it would be in order to move the particular motion which I have in mind.

Perhaps before any action of this kind is taken, the sponsor of the bill who has worked hard and assiduously to promote its passage through the house might care to comment on this suggestion that the committee of the whole might report its considerations to the house, one of those considerations and recommendations being that the bill be referred back to the committee on railways, canals and telegraph lines in order that it might go more fully into these particular questions.

I know one could level the accusation that this is a delaying tactic and that anything which consumes time is a means of delay, but in this particular instance I submit that would be an incorrect conclusion to reach, because one of the things I am concerned with is the right of people to present their views and their ideas. The Pembina people were denied that right. There is no question about that. Of course, they could have appeared before the committee on the day which had been advertised, had they known about it, and thereby foregone their right to appear before the Alberta oil and gas conservation board, but they could not have been in two places at once. In the circumstances the proceedings before the Alberta board were, perhaps, more important for that company since they involved licensing. In any event, the company chose to put forward their case before the Alberta board on the same day as our committee on railways, canals and telegraph lines was meeting.

It seems to me that this committee might profitably follow the course I have suggested, bearing in mind that we are not attempting to postpone things or to call things off but merely trying to give these interested people an opportunity to appear before a standing committee of this house, an opportunity which was previously denied them because of circumstances over which, I am sure, they have no control. Action along the lines I am suggesting would preserve the undeniable right of individuals to appear before a standing committee and present their views on particular questions, whether in opposition to them or in favour of them is immaterial to me, the major principle involved being the right to appear. I think this committee will agree that by force of circumstances, if for no other reason, the Pembina people did not have the right to appear before the committee on railways, canals and telegraph lines on February 21.

Possibly, following such an appearance we would be in a position where the doubts which have been felt by some hon. members here would have vanished to the point

at which they are no longer doubts at all. The suspicions which some hon. members may have with regard to the Aurora Company might be seen to be without foundation and it might appear to be in the best interests of Canada and Alberta for Aurora Pipe Lines to proceed. At the moment, however, when we have been presented with a one-sided picture, one party—an interested party—having been unable to appear before a committee of this house, I think the only decent and correct thing we can do is to provide that such an opportunity be given. Perhaps at another stage, later on, after we have had some discussion on this point, it may be logical to move a motion to that effect, but before we actually reach the formal stage of doing so we may, perhaps, have the opportunity of hearing the comments of one or two other members and learn whether or not they think it would be the correct thing to do.

Mr. Howe: In view of the fact that there have been some allegations that proceedings of the committee of which I am chairman were not carried out in a proper and orderly manner, particularly in connection with the fact that a certain body was not allowed an opportunity to appear before the committee, perhaps I might briefly intervene at this stage.

The hon. member for Skeena made reference to the fact that the committee hearing was advertised in many newspapers. Advertisements giving notice of the meeting to discuss the matter of a private bill for incorporating a company known as Aurora Pipe Lines appeared in at least 12 and, possibly, 15 papers in September of last year. The company concerned had a perfect right to petition the committee and ask for the privilege of appearing before it at any time but we did not get an application of that type from the Pembina people or from the other pipe line company affected.

In fact, knowing the opinions of the hon. member for York North, a member of our committee, on the very day when this bill was passed on second reading and referred to the committee I asked the hon. member for York North if he would like to have his people appear in opposition to the proposal before the committee. They were notified, at that time, when the committee meeting was to be held but after that there was no indication from the Pembina people that they wished to offer any opposition to the bill. Therefore, I maintain that at no time were they denied the right to appear. They had a perfect right to appear before the committee and we could have changed the date of the sitting if they had indicated they wished to come. No indication was given that they were going to be in attendance and we did not think it was necessary to postpone the meeting. The meeting was then called for February 23.

Mr. Howard: I have just one comment to make, Mr. Chairman, in regard to the remarks made by the hon. member for Wellington-Huron who was the chairman of that committee. I understand he just referred to February 23 but I did not catch what he said following that reference.

Mr. Howe: I was referring to the date set for that meeting. Perhaps it was February 21, 1961.

Mr. Howard: I take it the hon. member was referring to February 21, 1961 the date the committee was to have heard the witnesses representing this company.

I was referring to the advertisements that were made in regard to the petition for incorporation, as the hon. chairman of that committee said, sometime last September. These advertisements did not, in fact, mention that the committee was to sit on February 21, 1961 to consider this particular bill. As I understand it there was no advertisement to that effect. Perhaps my understanding in this regard can be cleared up. Were there any advertisements in regard to February 21 being the day upon which the meeting would sit for the purpose of considering this bill?

Mr. Howe: The hon. member should realize that committee meetings are not advertised in newspapers. These meetings are advertised in the *Votes and Proceedings* of this house.

Mr. Howard: Yes, I understand that was the only method of advertising. I wanted to make sure that was clear.

As I have said, there was a considerable amount of discussion regarding newspaper advertisements. I think the hon. member for the Yukon mentioned that he had seen an advertisement in the Whitehorse *Star*. I am sure that this was widely advertised, as is required by the rules of the other place.

Unfortunately I was not quite able to hear what the hon. member for Wellington-Huron said in regard to the hon. member for York North being in touch with the Pembina people respecting the proposed hearing date. Would the hon. member indicate what he said regarding the hon. member for York North?

Mr. Howe: I did not indicate what the hon. member for York North had said. I did indicate the proposed date and time of the meeting and suggested that he might get in touch with the Pembina people in this regard. He intended to inform me as to their wishes in respect of appearing before that committee. If

these people wished to appear before the committee it was indicated that a day would be set to correspond with their wishes.

Mr. Howard: These difficulties have probably risen through unfortunate circumstances.

At page 37 of the minutes of proceedings of that committee, I asked the chairman a question which is reported as follows:

> Mr. Howard: Because of his close association with Pembina perhaps I might ask Mr. Cathers whether they would desire to appear before the committee following the hearings in Alberta before the oil and gas conservation board.
>
> Mr. Cathers: I would not know.

I took this to mean that the chairman did not know if the hon. member for York North had received an indication that the Pembina people wished to attend or did not wish to attend. I want to have this situation clear. In view of the fact that the hon. member for York North is, I gather, our only contact in a formal or informal way with the Pembina people, I would like to know whether or not he intended to convey the impression that they wanted to appear or did not want to appear. I feel that perhaps in view of the fact that he is only a shareholder and not an official acting on behalf of the company we should perhaps refer this back to the committee in order to find out whether or not these people, who perhaps through unfortunate circumstances, were not in a position to participate in the hearings, wish to appear.

Mr. Peters: Mr. Chairman, I have enjoyed listening to the debate which has taken place this afternoon, and it seems to me a fundamental difference in opinion has been revealed. Perhaps this is one of the occasions when the members having this difference of opinion should refrain from taking part in the debate.

The difficulty involved in regard to a pipe line operation is the fact that it is transmitting a natural resource from one place to another. In this case it is seeking to transmit condensates which are very similar to crude oil. We are faced at this time with the fact that one company has already been giving fairly extensive coverage across the provinces in the distribution of oil and oil products. I am referring to the Pembina Pipe Line Limited, whose officers appeared before us a couple of years ago. They were given at that time what has amounted to almost a monopoly. I would suggest that we look into this situation and find out if this monopoly is in the public interest at this time.

In handling any natural resource a transportation factor is involved, because of the necessity of providing highways, railroads and pipe lines, some of which are built at the public's expense. I think that this is perhaps an argument in favour of putting railway services under a public utility monopoly. I feel that each time we deal with natural resources or the transmission of them we should take a look at the distribution history of other natural resources. I believe that if we did so we could only come to the conclusion, as many people did in 1957, that the transmission of natural resources should be controlled by a public utility board.

There does exist in Canada today one pipe line company distributing oil and oil products from the western provinces and it seemed to me at the time this company was incorporated that it would eventually expand perhaps to the extent that it could look after the market developing in the Chicago area. Anyone belonging to the C.C.F. party believes that there should be exportation of natural resources. It seems to me, however, that this company is only interested in the exploitation of natural resources, particularly oil and oil products, through the transmission of these products, using a branch line running into the Chicago area and that there would be very limited expenditure necessary. It seems to me this company is interested in the exploitation of the oil industry through milking off very rich profits from a very short distribution line which will send the product to a trunk line running into the Chicago area where a very limited amount of expenditure will be necessary.

We have heard conflicting stories about $15,000 being enough to make the connecting link across the international border. If this is true, if the Canadian people are going eventually to fit their export market into this kind of action, then it would have been a very nice thing, in my opinion, if we had built this line as a public enterprise and as a public utility. If we had built this $15,000 link across the international border we would have had complete control of distribution into the export market.

Those who talk about exploitation should bear in mind that they are federal members; that they represent not only a small oil area of Alberta but all of Canada. They are not elected here as the representatives of a particular area but as members for all of Canada. This point has been argued by prominent parliamentarians down through the years and I do not intend to duplicate the argument at all. It is an established fact that members represent not only a very limited area or a limited interest but the country as a whole.

Bills of this kind have to be sponsored. There is no kick against anybody sponsoring these bills. According to parliamentary procedure they have to be sponsored by somebody. It may be quite an honour and

an opportunity to sponsor a private bill, I do not know. I hope it never falls to my lot to sponsor one in which I am vitally interested or concerned because I think it would be very difficult to remain impartial and still be closely connected with the particular industry concerned.

In this committee there are a number of hon. members from Alberta who are vitally concerned with the production of oil and the sale of oil, and particularly with the money which will result from and flow back into their own areas because of the sale and export of oil. I have no kick against that, Mr. Chairman. Probably they are doing their duty to their constituents; that is what they should be doing. But there is a great deal to be said on behalf of all the other people in Canada.

I have been interested in the stories we hear about our having too much oil. It is said that we have too much gas and too much of everything. In northern Ontario we pay over 49 cents for a gallon of ordinary grade gasoline, and we pay 51.9 cents for grade one gasoline. It would appear to me that there probably is quite a spread between the cost of the production of the gas that is exported across the border into the Chicago area and the gas that reaches me in northern Ontario. I looked up the Canadian Statistical Review, which is probably a pretty shoddy way of finding out how much petroleum products is exported and how much is imported because it is not broken down in a way which would give you that information. If we were more closely conversant with the various factors in those condensates we would probably come up with a little more accurate figure. The committee was told that in its natural form these products are made up of about six parts condensates, one part butane and one part propane, and when they are processed through the plants the various condensates end up as four parts condensates, one part butane and one part propane. We were also told that they were a very high type product; they are the basis for high grade gasolines and oils; they are a competitive product with crude oil that is being imported into the country.

It was interesting, in looking at this copy of the Canadian Statistical Review, dated January, 1961, to find out that with respect to petroleum products, in 1958 we exported $6.4 million worth; in 1959 we exported $6.7 million worth, but at the same time we imported $6.5 million worth in 1958; and $6.5 million worth in 1959, of the same petroleum products. This would indicate to me that there is a large market in Canada for these products. If we are importing petroleum products to this extent, then there is an opportunity for processing some of these products into gasoline and oil, and that is what I am particularly concerned about.

Northern Ontario is completely a natural resources area. It has no major secondary industry development; it has had very little in the way of transportation. We are not blessed with any large bodies of water or other natural geographic features to enable us to be anything other than a natural resources storehouse, and this area has produced very little industry over the years other than industries based on the natural resources. In this respect, our resources are phenomenal and have contributed to the development of such cities as Toronto, but we get very little benefit from the production of our natural resources. In the very early days perhaps there was some justification for the buccaneers coming in and exploiting our natural resources.

People from the Ottawa valley have come into our area and cut down the trees. They have floated them down the waterways and taken them out of the area completely. It is advantageous for some to say, "Let us take the condensates out of the area; we have no plants that will manufacture them". A secondary industry development is necessary to put these petroleum products on the market in a form in which they can be used. We in northern Ontario have not this development. I for one would not like to see other areas develop where exploiters would come in and exploit the area. We should do everything we can to see secondary industry developed as close as possible to the source of the natural resource.

If it is necessary to spend $15,000 to build this pipe line, then goodness gracious, surely the Canadian people could afford to do this, if it would give them the key to the complete control of the Alberta oil fields and the export markets. If this is the gateway into the export market, then let us get control of this and export only what we cannot develop for ourselves.

I think we should learn a lesson from other areas. Let us look at northern Quebec where we have a fabulous iron industry, as we have a fabulous oil industry in Alberta. This country is not getting much advantage out of the iron industry in northern Quebec. It is true that a few miners are employed, and the few people who are connected with the development that takes place in this type of industry. If we had kept the gateway of Seven Islands we would have the largest steel mills in the world situated in that area. I think the same is true with respect to these condensates, if we took control of them. If

they are as important as they appear to be, let us keep them in Canada and develop them as far as we can in Canada. Let us sell the finished product to the United States public who will be demanding it as they are demanding other natural resources. I think it is this simple.

In recent months I have been impressed with some of the statements that have come from the Conservative hierarchy in which they have said, "Let us put some control on the exploitation that is taking place by the use of United States capital. Let us retain some of these advantages for the benefit of the Canadian people." This matter has not only been discussed. A few controls were instituted not long ago with regard to the establishment of companies and that may be in part the reason why Hudson's Bay Oil and Gas Company did not itself ask for a charter that would have extended its rights and allowed it to construct this pipe line. These controls may have had some effect and it may be of interest to some of the financial geniuses to sit down and figure out how much less money will be derived from taxation because of the establishment of this new company than would have been the case if the development had been carried out by the parent company or one of the other companies participating in this development along with the parent company.

In my opinion these are all problems that cannot be dealt with by the national energy board. It has been said that the national energy board is going to make the final decision on a number of these matters. That is true but it cannot make any decision on where we put secondary industry in Canada. If we have secondary industry the board can only decide that a certain amount of the product must be available to Canadian plants and for Canadian development. If we are to do our duty in parliament we must put some roadblocks in the way of those from outside this country who would exploit us so that we will be able to develop our own products. I think the national energy board then has all the authority it needs to see that industry we establish on the Canadian side of the border will be able to function to some advantage.

We have heard a great number of charges levelled today about whether there was a proper hearing when the bill was considered by the standing committee. I was surprised at the vote that took place in that committee. I am not disclosing anything that is not known. I was not a member of that committee and the fact is reported in the procedings of the committee. I was interested to see that again in my opinion party lines were drawn so as to forestall a number of members who wished to have a delay which would have allowed the chairman of the committee an opportunity to ascertain whether the opposition, the Pembina group, was interested in appearing before the committee and opposing the bill.

I think this is again an example of one of the great failings in the functioning of committees of the House of Commons. We do not have any source of making information available to people who might be involved and in many cases we do not know who is involved. I think many members of the standing committee were surprised when they found a member of their own party standing up in that committee—

Some hon. Members: Order.

Mr. Lambert: On a point of order, Mr. Chairman, I am sure that the Chair will support me when I say that the hon. member is entirely out of order at this time in speaking about the general conduct of the committee.

Mr. Peters: I was not a member of the committee. I was present as a member of the general public and I fail to see how I am bound through participation in the committee when I was not a member of it.

Mr. Argue: On the point of order, Mr. Chairman, I suggest that what the hon. member has been doing is perfectly in order. He has been referring to a decision made in the committee. That decision is public knowledge. It has to do with the bill under discussion. All afternoon there have been repeated references, and very properly so, to evidence taken before the committee and to decisions taken by the committee. I realize that an hon. member cannot impute motives and I do not think that is what the hon. member was doing, but surely a reference to a decision of the committee having to do with the bill now before us is very much in order.

The Chairman: It is permissible to quote from the evidence given in a committee but the hon. member knows it is not permissible to discuss any decision taken by the house or by a committee or to refer to the conduct of hon. members in a committee or in the house.

Mr. Argue: Surely if the decision in the committee has to do with this measure it is quite proper to refer to what happened in the committee. It would be a very foolish rule that would allow us to refer to the evidence leading up to a decision but would make it impossible for us to refer to the decision. The motion moved in the committee had to do with the bill now under discussion and I suggest that the hon. member is very much in order.

Mr. Peters: I should like to suggest that the hon. member for Edmonton West jumped to a conclusion with regard to what I was saying. I did not intend to mention how anybody voted. What I was referring to was the fact that in my opinion the committee does not have the power I think it should have with respect to allowing people to come forward and oppose a measure. In this regard perhaps I might refer to the miscellaneous private bills committee. In that committee we have never been able to ascertain to our own satisfaction that the people involved in various measures have necessarily been served with the proper notices. In the case of the bill now before us we did not know who the participants were going to be. I point out that one member appeared as a participant in opposition to the bill and that this was a surprise. In all fairness I think I should point out that the chairman of the standing committee would have no opportunity of knowing that this particular gentleman should be notified that there was going to be a hearing on this particular day. In this case the hon. member in question has informed us that he did know about the hearing but this would not apply generally.

I suggest, for instance, that if Husky Oil had been interested in this matter they would not have known about the hearing. I presume that most companies do not subscribe to *Votes and Proceedings* and would not see much advantage in subscribing to it. If we are to take it that *Votes and Proceedings* contains notice to a company as to an opportunity to oppose an application, I think we can be certain that the company would not find out until the hearing had been held and the information had been made public.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Peters: Before the recess hour, Mr. Chairman, we were trying to point out that this type of application has implications that are far-reaching, that there is a difference of opinion and that the difference of opinion is rather a fundamental one. We are trying to make our position clear. Our position is that this is a large natural resource that is being tapped; that although this company has made application for a small and inconsiderable program, it comes to parliament and asks for wide powers for a large corporation and that this can be a large and influential segment of our economy as it affects the oil industry.

[Mr. Argue.]

A great deal of responsibility has been left with the national energy board. I think most of us can and do agree with the hon. member for Vancouver East when he pointed out that in setting up this particular company you are setting up a new type of distribution that is going to have only as the basis of its initial program the distribution of oil not through Canada but into the export market of the United States.

Some of the hon. members who have participated in this debate have pointed out the Canadian content in this particular company and how it is comprised. I believe that we have an obligation, particularly in view of the many statements that have been made from the Conservative party and the C.C.F. party. I believe that, from the C.C.F. point of view, consideration should and must be given to using our national resources for the advantage of all Canadians and that, from the Conservative party's point of view, greater consideration should be given to Canadian control and Canadian ownership. In both these respects this company fails to meet the requirements.

We have been told that the national energy board will protect both these interests, that all we have to do is to pass this bill and we shall have accomplished only the setting up of a company or a corporate body, and that then the national energy board and the conservation board of the province of Alberta will make the decision as to whether it is in the interests of the Canadian economy or of the Canadian people and as to the extent of the export licence that this company will be given. I think it is interesting to note however, what has been said about the application of the energy board act to this particular company. The sponsor of the bill, as reported at pages 37 and 38 of the minutes of proceedings and evidence of the committee, quotes part of the National Energy Board Act, refers to Section 27 and states as follows:

> Section 27 says:
>
> Except as otherwise provided in this act, a company shall not begin the construction of a section or part of a pipe line until
>
> (a) the board has by the issue of a certificate granted the company leave to construct the line.

In this respect we have been told what has been done by this company which just does not exist in fact, although the sponsor of the bill talked about the flexibility of the law, the flexibility of legal arguments and certain other flexibilities. This company does not and will not exist until this bill is passed. Yet they have already gone to one of the boards, namely the board in Alberta and have asked for certain considerations. However, actually in fact there is no such company.

An hon. Member: In that respect it is just like the new party.

Mr. Peters: There may be some similarity; I do not know.

Mr. Woolliams: I hope not.

Mr. Peters: There is the analogy that both of them are meeting with stiff competition before they are born. There may be some similarity in that respect. Then he goes on to show what is necessary; and I am quoting from the statement of the sponsor of the bill:

Section 44 sets out the kind of evidence which shall go before the board:

The board may, subject to the approval of the governor in council, issue a certificate in respect of a pipe line or an international power line if the board is satisfied that the line is and will be required by the present and future public convenience and necessity, and, in considering an application for a certificate, the board shall take into account all such matters as to it appear to be relevant, and without limiting the generality of the foregoing, the board may have regard to the following:

(a) the availability of oil or gas to the pipe line, or power to the international power line, as the case may be;

(b) the existence of markets, actual or potential;

(c) the economic feasibility of the pipe line or international power line.

On those three points, when and if this bill is passed and if this company is formed, the board is going to have a great deal of difficulty in assessing even the limited information that is now before the committee. We have by law set up one organization in this field of public utility. We have set up an organization which came before us and asked for a distribution and collection system of pipe lines that fairly well covered the whole area and which at that time indicated that it could more than meet the supply that was available at the time. Now we are increasing the decision that will have to be made by the board because we are saying to the energy board, in effect, that we feel that one company was not able to meet one of the requirements and that the second company was needed. We are also deciding that we are having to have a second company because of the existence of markets either actual or potential. If we have not filled the markets which the original company agreed to fill, I would think that we are giving to the national energy board a direction to the effect that here is another company that must be given part of the potential that may arise in the future.

As to the economic feasibility of the pipe line, if it is only a matter of $15,000, I think even the Canadian government could afford at this time to build that small section of the pipe line. I therefore assume that with a large company having the opportunity and the resources of revenue that they obviously have and the money that is available for pipe lines, there is not much question that they will be given the opportunity under this section to produce the line. The sponsor of the bill then goes on to say this:

And this is one of the points you raised.

(d) the financial responsibility and financial structure of the applicant, the methods of financing the line and the extent to which Canadians will have an opportunity of participating in the financing, engineering and construction of the line;—

Under section (e) parliament stated, when setting up the national energy board, that it would have the right to choose as follows:

(e) any public interest that in the board's opinion may be affected by the granting or the refusing of the application.

I would assume that the national energy board would take into consideration the fact that we have decided there should be a second company competing with the first one in this particular field. They would have no alternative but to say, "If the government is going to give them a licence to set up a new company, we are going to have to give them a licence to allow them to make some use of this particular company".

Mr. Fairfield: Are you advocating a change in the powers of the national energy board?

Mr. Peters: I do not think we ever intended to give the national energy board the right to say what was in the interests of the Canadian people from one period of time to another. I should think that when the legislation was passed setting up the national energy board the Conservative party was not on this anti-American kick that they are on now. Times change and direction changes. I assume that parliament itself is the body that should decide what is to be accomplished, and it should not be left to a board to make that decision.

Mr. Brunsden: Mr. Chairman, on a point of order, the hon. member is imputing that the Conservative party has certain underlying motives with respect to the oil and gas industry in western Canada.

This is a bill to incorporate a company. We have a national energy board. As far as we on this side are concerned, we have every confidence that the national energy board will take care of the various problems referred to it in the best interests of all Canadians. I very much resent the implication of the hon. member with respect to what this government may have in mind.

An hon. Member: Is this a speech or a point of order?

Mr. Brunsden: It is a point of order.

Mr. Peters: I believe parliament should be supreme in deciding what the position is going to be in relation to the wishes of the Canadian people. We, as the representatives of the people, should interpret the wishes of the people and make changes if necessary. But a board is not in a position to make these changes.

The Chairman: Order. I am sorry to interrupt the hon. member but his time has expired.

Mr. Argue: Mr. Chairman, we are taking this opportunity to make our views known—

Mr. Woolliams: Very interesting.

Mr. Brunsden: As always.

Mr. Argue: —on this bill. We are doing our part to point out the weaknesses in the legislation before the committee, the reason why this bill should not be passed and the fact that the government in recent years has completely changed its attitude to legislation of this kind.

I think the bill now before the committee should not be here at all. When we were discussing the bill on second reading some of us pointed out what we thought to be very great weaknesses in it. We were told by some hon. members opposite that the bill was merely to set up a corporate entity, that it had nothing to do with policy and that it was merely for the establishment of a company that, under certain other laws and regulations, would appear before the national energy board.

We were also told that second reading of the bill was not the stage at which to obtain detailed information about the company. We were told that the proper place for this to be done was in the committee on railways, canals and telegraph lines where all information would be made available, where witnesses would be called, where hon. members would be given every opportunity to inquire into the bill, to obtain particulars of the proposed company to be incorporated and, in general, to satisfy themselves that this legislation was in the interests of the people of this country.

That committee met. Very little evidence was adduced and very little opportunity was given to hon. members to find out the details of the measure involved or to find out to their satisfaction whether this legislation should be passed. But there was some information obtained in the committee, and if there had been any doubt about United States control before the committee met, there was certainly no doubt after the evidence of Mr. K. H. Burgis, the vice president of Hudson's Bay Oil and Gas Company.

Mr. Burgis had this to say in his opening remarks:

> The application for incorporation of Aurora Pipe Line Company is being sponsored by Hudson's Bay Oil and Gas Company Limited. Hudson's Bay Oil and Gas Company Limited was incorporated under the laws of Canada in 1926 and its shares are listed on the Toronto stock exchange. Approximately 10 per cent of its outstanding shares are owned by some 12,000 public shareholders, 22 per cent by the Hudson's Bay Company and 68 per cent by Continental Oil Company.

Therefore, the fact is on record that we are dealing with a company which is largely United States-owned and which is and will be largely United States controlled. Hon. members opposite are saying to us that this is not government policy, the government has not given its stamp of approval to this legislation. I suggest that the government has approved of this legislation. I suggest that the government clearly demonstrated that it is 100 per cent behind the legislation, in that when the vote was taken on second reading the cabinet lined up solidly in support of this measure.

This is a rather startling disclosure in light of the stand taken by the Conservative party when in opposition. Not only did the Conservative party in opposition oppose United States control of companies like this one, but when the Conservative party was in opposition it opposed measures which had to do with this very company in question and went on record in opposing this kind of United States control.

Mr. Woolliams: Nonsense.

Mr. Argue: That is not nonsense at all; that is a fact.

Mr. Woolliams: A fact to you is not a fact to anybody else.

Mr. Argue: The Conservative party has had many leaders in the past; they change quite regularly. In 1956, when they had one of the temporary leaders of that party, the Hon. George Drew, he had this to say, as reported at page 2177 of *Hansard*:

> The present distribution of the ownership of this enterprise shows also that the control is in the hands of financial interests in the United States; that it is definitely under the control of these immensely powerful financial interests: Canadian Gulf, Hudson Bay Oil and Gas and Tennessee Gas Transmission,—

These were the all-powerful United States companies that were so opposed by the Hon. George Drew in his day but which are taken to the bosom of the Conservative party in power. This company is given the blessing of the government and the great battle put up by Mr. Drew in former years has gone by the board. This government, in practice and

in office, has disowned and disclaimed everything that he said in relation to United States control of gas pipe lines.

The Hon. George Drew went on to say this in regard to the same question:

> Contrary to what the Minister of Trade and Commerce has said, this is the occasion to focus attention on our resources. This is the only place to do so and this is the opportunity to declare our economic independence of the United States.

That was the song in opposition. The theme in government is, ostensibly, the same but actions speak louder than words and the party in power is now prepared to turn over this pipe line monopoly to a United States company.

Mr. Fairfield: Would the hon. member permit a question? I wonder if he would mind reading the rest of Mr. Burgis' evidence at page 35 of the proceedings in so far as voting rights are concerned.

Mr. Argue: If I may conclude my sentence, I should be very glad to comply with the request which has been made. I was saying that the government in power is now turning over this monopoly to a group of United States interests controlled by the Texas buccaneers to which the government made such grave objections in days gone by.

Now I am asked to read from Mr. Burgis' evidence following the quotation I have made. This is from Mr. Burgis:

> Despite the disparity in shareholdings of Hudson's Bay Company and Continental Oil Company, each have by agreement equal voting rights and equal representation on the board of directors. The present board of directors consists of three Canadian directors representing the Hudson's Bay Company, three American directors representing Continental Oil Company, two Canadian directors representing the public shareholders and two senior officers of the company.

Having regard to the distribution of the shares and the measures for the control of the company as they have been set forth, there is no doubt that this company will be United States controlled as well as United States owned.

I had expected that this committee in dealing with this legislation would have held a great many hearings and would have called to appear before it a great many witnesses so that all the details of such an important bill might be inquired into. Unfortunately this is not what occurred. Those of us who are not members of the committee learned this afternoon that the proceedings of the committee during a substantial part of the time were not recorded and transcribed, with the result that the evidence as far as we are concerned is just hearsay evidence. No record was kept, and the hon. members on that committee did not take action soon enough to have that evidence taken down in order that members of the house might have the advantage of the record before them. This certainly makes a mockery of the statement made on second reading that the committee on railways, canals and telegraph lines would provide an opportunity to bring forth evidence so that hon. members on all sides of the house might be able to peruse it and learn all the details about the company which was to be incorporated. I am flabbergasted that the committee has been so slipshod in its proceedings, or that the committee should have been so disinterested—

The Chairman: Order. I am sure the hon. member realizes that he is criticizing the proceedings of the committee. That is contrary to our rules.

Mr. Argue: I think I went a little far under the rules when I said they had taken a slipshod attitude. That expression might be a good one for horse dealers but it is not good as far as a committee of the house is concerned. I will say, then, that apparently this committee did not consider this legislation of sufficient importance to think it worth while having all the evidence transcribed. I would say that the committee failed to perform its functions in such a way as would be most helpful—perhaps that might be in order, Mr. Chairman—to hon. members of the house. It is one thing to be able to go over evidence that is available; it is quite another to have evidence given of which no record at all has been kept.

I do not understand why the committee was not prepared to call additional witnesses. I do not understand why the committee was in such a terrible rush to get this legislation back to the house unless, perchance, it was because if it were sent back soon, or immediately, the legislation would not be dealt with at very great length and thus, in the opinion of the sponsor, have a much greater chance of being passed during the current session.

None of us, I am sure, is happy or would prefer to use private members' days to discuss private bills at very great length but we are not masters of the rules. The rules are as they exist in the various editions of Beauchesne and we must govern ourselves accordingly. So we have the opportunity during this whole day to discuss this bill and its provisions and the very great lack of evidence of a worth while nature which has come from the committee to this chamber. We all know that this company is not designed to do something which could not have been done if the company had not been brought into existence. We

are all aware that there is another company involved in the same field—the Pembina company.

An hon. Member: Are you in favour of the other company?

Mr. Argue: I am not in favour of one company as against the other.

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

Mr. Argue: Gladly.

Mr. Brunsden: I want to ask one cardinal question. Is the hon. member in favour of marketing this tremendous resource of the province of Alberta provided only that no expense to the federal treasury is incurred, or does he wish to retain it for posterity?

Mr. Argue: That is a very pertinent question and it was put very directly by an hon. member who is probably the most persistent questioner in the house. Certainly he runs interference with most members who are speaking.

The answer is simple. We are in favour of marketing all the surplus of Canada's natural resources on a planned basis in such a way that will bring the greatest benefit for this and future generations. We are not only in favour of marketing those resources now, where there are surpluses, and net surpluses; we are in favour of getting the greatest possible return for the Canadian people and we are interested in marketing those resources in such a way as to avoid selling out our country to United States interests and United States pipe line companies. We are no more interested in 1961 in selling our country to these pipe line operators than were the Conservatives when they were in opposition in 1956. The main difference is that the Tories have changed their policy and we have insisted on maintaining ours.

Mr. Smith (Winnipeg North): Is the hon. member suggesting that by passing this bill we are indeed sanctioning the marketing of these resources?

Mr. Argue: Mr. Chairman, when the government majority, sometime during this session, pushes this legislation through the house I suggest that they will be taking a course that is not the most preferred one, a course that is not necessary, and one which will in fact be insulting to parliament and to the Canadian nation.

Mr. Smith (Winnipeg North): Would the hon. member make a comment as to the national energy board in that same regard?

Mr. Argue: Mr. Chairman, the national energy board is apparently bailing out the Tory party from all the mistakes it is making in regard to this particular measure. I do not think the responsibilities of the members of parliament can be foisted on the national energy board. I am speaking of the responsibilities of the members of parliament to examine bills coming before this house, and the responsibility to decide whether or not a given company should be incorporated. After we have made that decision the national energy board will make its own subsequent decision.

I suggest that this measure before the committee should not be passed. I suggest that it be turned down in the interests of Canadians. I suggest that there are alternative means by which the fuel products involved can be marketed and we can do more in the interests of Canadians by turning down this bill at this time than we shall do by passing it.

Mr. Chairman, the bill was before the committee and was apparently given some consideration. I am unaware of any presentation urging amendments to this proposed legislation. I am not aware of any amendment at all being suggested by the committee. I would suggest that the committee gave, in a very hurried manner, a rubber stamping to this legislation, and hurried it back to the house but failed to bring forward the kind of information that was in order.

Mr. Brunsden: On a point of order. When the hon. member refers to the committee rubber stamping the desire of the government he certainly is not in accordance with the practices of parliament.

The Chairman: I have warned the hon. gentleman that he should not speak disrespectfully of any decision made by the committee or the members thereof. I would ask him again to be more careful in his wording.

Mr. Argue: Perhaps I should not use the words "rubber stamping". I should use the words that were used so often by the Hon. George Drew, "trained seals". There is considerable evidence that they did not need the party line laid down for them by the whip in the house, they were able to gather from the united stand of the cabinet which way the party winds were blowing, and the bill had no difficulty whatsoever in the committee.

Mr. Brunsden: I rise on a question of personal privilege. The hon. gentleman is calling me a trained seal. I am not a trained seal. I am just as independent in my thinking as is any member of the hon. member's party. I am interested in developing western Canada's oil and gas industries. I am trying

to approach this problem very dispassionately and will not accept the hon. member's suggestion that my thinking is done for me by someone else.

Mr. Argue: Mr. Chairman, I would like to make a comment. The hon. member for Medicine Hat very strenuously objects to being called a trained seal. I apologize. He is an untrained seal who is learning very quickly. I think if he is here much longer he will be a trained seal, and will be just as efficient as the hon. members of the previous administration who were accused so often by the Hon. George Drew of being trained seals.

The Chairman: I would suggest that the hon. member in correcting his first remark has made it worse and would warn him to be more careful. If I understood him correctly in his first remark he referred to a group generally. I did not think he was referring to the members of the committee. If he did so this would be too specific a remark. In apologizing to the hon. member for Medicine Hat I feel he has gone too far and would suggest that an appropriate rectification is in order.

Mr. Argue: Mr. Chairman, I think that I was in error if I applied this terminology to the members of the committee because it has much broader application. This applies to the members of the government party opposite who, in a few short months in office, have become just as well trained as the seals in in the former administration as they were referred to by the then leader of the opposition.

The bill before us deals with the incorporation of the Aurora Pipe Line Company. Some of us thought this company was going to build a pipe line 41 miles in length. We now find that it is going to build a pipe line one half a mile long. We thought that this was a measure—

Mr. Hodgson: May I ask the hon. member a question.

Mr. Argue: When I sit down.

Mr. Hodgson: A few minutes ago the hon. member was talking about a pipe line that this party dealt with some years ago. How much difference in mileage is there between these two lines and where are the lines heading for?

Mr. Argue: I would think if the hon. member wanted to he would find it much easier to oppose this little joining one half a mile in length which is so important to this country than opposing the trans-Canada pipe line. Surely if the principle was bad in 1956 the principle is just as bad today.

I was suggesting that we thought—

Mr. Hodgson: The pipe line considered in 1956 was to go into the United States and the provinces of Ontario and Quebec would have received no oil at all if the government at that time had its way. This little gathering line does not amount to very much.

Mr. Argue: It is a little gathering line all right and is going to gather something: 700,000 common shares and 60,000 preferred shares as well as a most fabulous amount of money to build a half a mile of pipe line. This company is not content with building the pipe line. They do not want to build just half a mile of pipe line. Incidentally, I thought the witness when appearing before the committee was in contempt of that committee and parliament in saying as follows, as reported at page 43, when asked a question by the hon. member for Acadia, and I am glad at this time that I can quote that hon. member. This reads as follows:

> Mr. Horner: There is one question which comes to my mind: Did Aurora Pipe Line oppose the Foothills application before the Alberta oil and gas conservation board last week?
> Mr. Burgis: Yes sir, we did.

This parliament has not passed this bill incorporating the company but we find its officer has already testified before the oil and gas conservation board. Representatives of this company have given evidence. The hon. member for Vancouver South this afternoon said that the contract to construct the line had been let. We have not passed this bill yet but the company has appeared before the Alberta conservation board, according to their own witness, and he should know. I was not there to twist his arm or to put words in his mouth. He made the reply "Yes sir, we did". This afternoon we are told that the company has already let the contract for the construction of the pipe line. This is contempt of parliament.

Mr. Woolliams: Would the hon. member permit a question. Is he suggesting that Aurora has let the tender for the pipe line of the Hudson's Bay Oil and Gas Company for the 41 miles or does he know the difference?

Mr. Argue: The Hudson's Bay Oil and Gas Company owns this little company, does it not?

Mr. Woolliams: You are absolutely wrong.

Mr. Argue: This company has not been spawned yet. However, it has already appeared before the conservation board. It has not yet been born but it is giving evidence. The hon. gentleman who sponsors the bill asks, "Don't you know that the company

that is letting the contract for the 41 miles is the Hudson's Bay Oil and Gas Company Limited and that the half mile is to be built by the Aurora Pipe Line Company?"

Mr. Woolliams: Mr. Chairman—

Mr. Argue: I was asked a question and I propose to answer it. I do not mind a question but I dislike questions superimposed upon others. Oh, Mr. Chairman, the Hudson's Bay Oil and Gas Company Limited has let a contract—

Mr. Woolliams: Are you sure of that?

Mr. Argue: —in the words of the hon. member for Vancouver South, to build 41 miles of line down to the point where it meets the half mile, and they have so much faith in the legal efficiency of my hon. friend from Bow River who is sponsoring this bill in such a fine parliamentary fashion that they know the rubber stamps will be put on the right places and that they are running no risk at all in letting a contract for 41 miles of pipe line, the economic existence of which requires this house to pass this bill.

I think Mr. Burgis was in contempt of parliament, if what he says is in fact correct, namely that the Aurora Pipe Line Company, before its incorporation, appeared before the Alberta oil and gas conservation board to give evidence.

We think this bill is bad on many counts. We feel that it should not be passed by the committee at this time, but that a great deal of examination should be carried out and much more evidence given before hon. members agree to pass the legislation at all.

The hon. member for Calgary South told the committee what in his opinion was the duty of the committee. In questioning another hon. member, he said:

> Do you not feel, therefore, that you should reserve the right to make a decision on these technical problems?

United States ownership is a technical problem. I continue with the quotation:

> Do you think that you, as a member of parliament, are qualified to pass judgment on this?

The answer reads:

> I do not think I am qualified to pass on the technical aspects. However, I took an interest in this; I went to the hearings before the Senate, and I was here during the hearings on the Foothills bill. I am not speaking with any expert knowledge, but I think it is my right as a member of parliament, when this comes before us, to pass my judgment and to object.

I think there is every reason why hon. members of the committee should object, not only to the terms of this bill but to the way in which it is being proceeded with at this time.

[Mr. Argue.]

A very simple motion was put before the committee which asked that since witnesses could not come from the Pembina Pipe Line at the time, that the proceedings of the committee should be postponed for a week in order to give interested parties the privilege of appearing before the committee at the adjourned meeting. This motion was turned down; the guillotine was applied; closure was applied at the committee stage and no further evidence was called.

The Chairman: Order. I am sorry to interrupt the hon. member but, according to the standing orders, his time has expired.

Mr. Woolliams: I hope I can be brief this evening. As sponsor of the bill I should like in my introductory remarks to say that this bill is sponsored by me as an individual member of parliament. It has nothing to do with the government or other hon. members except that I seek their support for the incorporation of a company having to do with the petroleum industry in Alberta. When any of the hon. members who have spoken today say that this is a government-sponsored bill I want to assure them that in sponsoring this bill I am doing so as an individual member of parliament.

It seems to me that the criticism of this bill boils down to two points. I should like to answer both of these points individually. If I understand my good friends who have spoken against the bill, it seems to me they are opposed to it because they find that there are United States interests behind the company which is asking for the incorporation of the company in question. Second, if I understand their arguments aright, they are against the export of the by-products of natural gas from Alberta.

Let me deal with the first point first, and I do so sincerely. I appeal to hon. members. I emphasize that we are merely asking for the incorporation of a company. Whether hon. members like it or not, in 1959, when the National Energy Board Act came before the house, hon. members supported it. I should like briefly to review the sections of the act which they supported. Whether they like it or not, or whether they stand in their places tonight and say that we are going to hand over this particular jurisdiction, the facts are that, according to the National Energy Board Act, they did in fact and in law hand over that particular jurisdiction to the national energy board.

Mr. Peters: Now we are taking it back.

Mr. Argue: We are exercising that right now.

Mr. Woolliams: I do not want to get into an argument; if my hon. friends will hear me out, they have asked for some information and they will get that information. If they will listen to me I will endeavour to set out some of the facts and I will try to do it in the most courteous manner I know how. I am not going to get into any political argument with my hon. friends. They have asked for information and if they will hear me out I will endeavour to give that information to the best of my ability as a backbencher in this house.

I want to go back to my original argument before there was a digression and deal particularly with three sections of the National Energy Board Act, namely sections 10, 27 and 44. As I said before, when I spoke on second reading of this bill, section 10 of the National Energy Board Act sets out that the board is a court of record. As I said on that occasion, a court of record hears evidence either by documents, verbal evidence or any other kind of evidence, and from that evidence it makes certain decisions. What is the decision that the national energy board makes? It makes this decision. It decides whether the company can have a certificate to build a pipe line, whether a half mile, 41 miles or how many miles it is. That is the specific function of the national energy board as set out in the National Energy Board Act which all hon. members, I believe—and if I am wrong I wish somebody would correct me—supported in this House of Commons in 1959.

What does section 27 say, Mr. Chairman? Section 27 says that provided the evidence is satisfactory—and I am not going to go into what kind of evidence is necessary—then a certificate can be granted to build a pipe line. If there are four or five applicants certain considerations arise and I want to come to that point in a few moments.

We have heard a lot about Foothills Pipe Line Company—this seems to be the darling of the C.C.F. or of somebody—and they come before the national energy board and they set out the facts. They say that 95 per cent, if that is the correct figure, is capitalized by Canadians. Our company has set out the facts honestly and fairly—I do not think anyone can deny that—that 68 per cent of the stock of the Hudson's Bay Oil and Gas Company Limited will be owned by Continental Oil Company of the United States of America and 22 per cent by Hudson's Bay Company and 10 per cent by the public at large. These are the facts taken into consideration. If these facts meet the standard set by the national energy board whose chairman is Mr. McKinnon, who was for years chairman of the Alberta conservation board, then someone, a pipe line company, will get a certificate to build a pipe line. That is the first point.

Let us look at the kind of evidence that has to be produced under section 44. I am not going to go over all of it but one of the most important things that have been emphasized in this argument—and I come right back to the first point I talked about—is the question of United States financial interest in this particular company if it is granted incorporation by parliament. Under subsection (d) of section 44 the board must have regard to the question of financial responsibility. That will be considered. It must have regard to the financial structure of the applicant. That will be considered. It must have regard to the methods of financing the line. That will be considered. It must have regard to the extent to which Canadians will have an opportunity of participating in the financing, engineering and construction of the line. That will be considered.

Those are the functions of the national energy board which was established by the members of this house, and all supported, the board's creation and jurisdiction. When they supported it they created a court of record to consider these things in a technical manner, in a manner in which all the evidence and all the pros and cons are weighed. If the national energy board considers that one company has more Canadian financing that is one of the ingredients that will be taken into account. In fact, it is not one of the ingredients that may be taken into account. Using "may" in the sense of "shall", the act says it is one of the ingredients that shall be taken into consideration.

Let us get down to the facts of the line itself. It is true that it is half a mile of line. In order to comply with the regulations and the National Energy Board Act, which embraces part of the old Pipe Lines Act, it was necessary for us, being interested in this particular project, to come forward and ask parliament to incorporate a company to build a particular pipe line. If this company is incorporated by parliament and their application is approved by the national energy board, then Hudson's Bay, of course, would consider the building of 41 miles of pipe line. No one in their right sense would suggest tonight that they would commence to build the line first before this company was incorporated and until their application had been approved by the national energy board to build the half mile of line joining the Canadian line across the boundary with the United States line.

Let us get down to facts. We have heard a lot about facts today. I think true facts are very important. Never in my life have

I listened to any set of facts usurped or twisted as they have been today with reference to this particular application. There is no question in my mind that the facts have been usurped and twisted, and in my opinion this is just proof of one thing. It is proof that the seven or eight hon. members in the corner are going to conduct a filibuster and talk out the bill so the company will not be incorporated. That is why I say the facts have been usurped.

I have heard the hon. member for Assiniboia make the same speech on several occasions and his effort was much worse tonight than on previous occasions. He talked about letting the contract for 41 miles of pipe line. He was whistling Dixie. He has whistled Dixie in this house before with regard to many other facts but tonight he was far more wrong than he generally is because he works in the house to get a good press. I went to university with him and occasionally he does get a good press but there is one thing about him that is most irresponsible in that he continually feeds the press a line of incorrect information, as he did tonight on several occasions, to get a good press for himself.

Mr. Argue: I learned it from you in my early days.

Mr. Woolliams: I am glad the hon. member for Assiniboia wants to talk. I can talk at the same time and just as loudly as he can. If he will bear with me, and I know he will, I want to read a letter dated March 3, 1961, addressed to me by Hudson's Bay Oil and Gas Company Limited. The letter reads as follows:

> I understand you have been advised that Hudson's Bay Oil and Gas Company Limited has let a contract for the construction of its proposed pipe line from the Pincher Creek-Waterton area to the United States border.

That is the 41 miles of line about which we are talking.

> I wish to advise you that this allegation definitely is not true, and that we do not now have, nor have we at any time in the past had, any commitments whatsoever to any contractor with respect to construction of this line.
>
> In the event that we are awarded the necessary permits to construct our line, including the portion across the international border which would be owned by Aurora Pipe Line Company, it is our firm intention to follow our established policy—

What is that established policy?

> —which is to use Canadian contractors, labour, materials and equipment to the greatest extent possible. We will call for competitive bids from Canadian pipe line contractors under the foregoing policy and will award the contract for construction of the line to a Canadian contractor.

Yet the hon. member for Assiniboia in opposing the bill tonight set out facts that were untrue or at least facts that he never tried to check or he would have never made the statement he did. He could not have appeared before the committee and made under oath the same statements he made tonight because there are rules contained elsewhere that apply in such instances.

Mr. Peters: Could I ask the hon. member a question?

Mr. Woolliams: I am not finished with the letter. Perhaps the hon. member will sit down and listen. He has wanted to hear the facts for two or three days and if he will listen he will learn because he has been misstating the facts up to now. I continue with the letter.

> No construction of course can be undertaken unless favourable action on the required permits is taken by both the Alberta oil and gas conservation board and the national energy board.

The letter is signed by G. T. Pearson, president of Hudson's Bay Oil and Gas Company Limited.

I am sorry that the hon. member for Vancouver South is not in his seat because I wish to answer a point he made in his speech this afternoon. He said that a contract, in referrence to the 41 miles of pipe line had been let to Fulton. That fact is untrue, and I am advised by the Hudson's Bay Oil and Gas Company that the facts as set out by the hon. member for Assiniboia are untrue. His statements are not even a facsimile of the truth. Surely if you are going to oppose anything one of the first things you do is to get your facts straight. I want to go into the second part of what I wish to say.

Mr. Peters: Will the hon. member permit a question now?

Mr. Woolliams: Would you mind waiting until I finish? I have told you that before and I do not know how many times I will have to tell you again. You have been asking for facts and I am going to try to give you the facts because I have done considerable research. I try to put my mind in gear at the same time as my thinking processes, which the hon. member fails to do. Let us take a look at the by-product itself. For years the province of Alberta has been bulging with natural gas. In fact, the Borden commission found that there are 23 trillion, and some odd billion cubic feet of natural gas as a proven reserve in Alberta. As a by-product of natural gas there is condensate. We have heard a lot about these other by-products but again the facts have not been given by hon. members in the proper way.

What is condensate? I do not know whether there was a reporter present in the standing

committee at the time this was said. However, it was set out there that condensate is really crude petroleum. If ever a westerner stands indicted in his place tonight, it is with reference to any statement about keeping our crude petroleum within our borders in Alberta and Saskatchewan.

Let us look at that matter for a few moments. Condensate will make one and a half times the gasoline that people use for their cars. We are only producing 50 per cent of our capacity in the petroleum industry today in the province of Alberta. We want to produce 100 per cent under the proper rules of conservation which we have. I cannot believe that these people can be serious in wanting to keep 50 per cent of our petroleum production at home. Let me draw this analysis. Would you keep 50 per cent of your wheat at home in the bins when you can sell it or 50 per cent of your cattle in the foothills when you can sell them? Here is a by-product that we can sell, crude petroleum. Ever since I have been a member of the house we have been wanting to export crude petroleum to the United States. I have not been a member as long as the hon. member for Assiniboia. Experience is a wonderful thing and we can all gain it but some take longer than others and my hon. friend is no exception.

To come back to my point, we have been wanting to export crude petroleum to the northwest states in the United States. That is the very foundation of the national petroleum policy that was announced. If we cannot raise the market volume up to 600,000 or 800,000 barrels per day we are in trouble in our petroleum industry in western Canada. We are only asking that the condensate, which is really just plain ordinary crude, be exported across the line to the United States where it can be used in Montana and Oklahoma.

The hon. member for Vancouver East said that this was not fair to the province of Alberta. Let him go through the province of Alberta and talk to the residents of that province. They will decide what is fair for the province. They want to sell what they produce, whether it is wheat, cattle or petroleum.

I submit in all seriousness and in all sincerity that the thing that would be fair to Alberta is to export the commodities we have so that we can build up our trade and give full employment to our people in that province which enjoys fuller employment than any other province.

Let us now deal for a few moments with the other argument about United States financing. My good friends in the corner know as well as I do, Mr. Chairman, that the same companies that are developing the petroleum industry and likewise the natural gas industry in Alberta in the last few years, after long years of negotiation are developing the same industry in the province of Saskatchewan. The deals that are made in reference to petroleum are that a company on a gross basis gets 87½ per cent of the profits and the government gets 12½ per cent. That is the reason there has been a flourishing budget in the province of Alberta. That was the reason why, after long negotiations, and after losing out on drilling rigs in the province of Saskatchewan, Tommy Douglas began to realize that the petroleum policy of Alberta had something they wished they had. Now the same people, the only C.C.F. socialist government, are making deals in which 87½ per cent of the gross profits go to those companies. I put it to him in all seriousness tonight, if he is serious and honest about the subject, that 87½ per cent of these profits are going into companies which are United States companies. He knows it, I know it and my hon. friends in the corner know it. This talk we have heard is just plain hogwash and a red herring in order to smother this bill.

Mr. Argue: Don't mix your metaphors.

Mr. Woolliams: Don't worry about my metaphors. I have seen you mix a lot of things and they have not been metaphors.

I now come back to one important thing, namely the question of whether this by-product should be exported. I said that we are trying to gain the market in the northwestern states. Here is a company that comes forward legitimately—it is true that it has some United States interests; it is true that there is United States capital in it; we have not hidden anything in any way—and has asked to incorporate a company in order to be able to go before the national energy board, first to get leave to build a pipe line and, second to export through the pipe line a substance which is plain ordinary crude petroleum. The matter is just that simple. Yet we have heard all these facts on this subject and most of those facts have been obscured in that regard. Not one fact has been laid before the house in a straightforward way by the C.C.F.

Let us deal with this great lover boy of theirs, namely Foothills Pipe Line Company. This was their first love; it is hearts to them. I would refer them to an agreement which was signed on December 14, 1960. Who were the parties to this agreement? This is not something I am raising tonight for the first time. People in the public gallery or the press gallery might believe that this information did

not come out. This information was laid before hon. members in the standing committee which considered this bill. When they say that this was not fair and that was not fair, may I point out that one of their members asked only four questions. There was nothing to prevent him from asking 44 questions. If he had wanted knowledge, we had four of the finest experts from Alberta that could have been obtained. Those eight fellows in the corner of the chamber scream about the petroleum industry but they shut up like clams in the said committee and did not ask for information. What was the reason? The reason was that they wanted to do in this chamber exactly as they did today. They did not want the facts.

Mr. Argue: No, no.

Mr. Woolliams: That is the situation.

Mr. Argue: How did you vote on the motion with regard to Pembina?

Mr. Woolliams: I am going to quote from the agreement.

Mr. Argue: Tell me how you voted. You voted for closure. You did not want answers. You moved the bill and then stopped discussion.

Mr. Woolliams: Mr. Chairman, we all cannot talk at once. I know that you are having difficulty in hearing me.

Mr. Argue: Not for lack of volume.

An hon. Member: Send for Tim Buck; you need him.

Mr. Woolliams: Who were the parties to this agreement? The parties were Pembina Pipe Line Ltd., Standard Oil Company of Indiana, Westalta Products Pipe Line Ltd., and Foothills Pipe Lines Ltd. On page 13 of this agreement, we find this. I have not time to read it tonight nor do I intend to read it. However, on page 13 we find that a little deal was entered into and that this matter came before the Alberta conservation board. It came to light by a slip of the tongue of one of their counsel who appeared before the Alberta conservation board.

What does it say? This is the C.C.F.'s first love; this is their only love of the pipe lines in this particular area. Provision was made that 50 per cent of the directors of Foothills Company must be from Standard Oil Company of Indiana—that is what the agreement says—and that 50 per cent must be Canadian and that the chief executive officers must be Americans. Here are these great Canadian supporters who are supporting Foothills Pipe Lines Ltd. when 50 per cent of the directors, as set out by the agreement, must be Americans. Are the Americans in control?

[Mr. Woolliams.]

Mr. Argue: That is false.

Mr. Woolliams: You may deny it now. You may deny all that was said this afternoon. However, the facts will speak for themselves because they are now on record.

Mr. Argue: Red herrings.

The Chairman: Order.

Mr. Woolliams: The fact is that if they do not want Foothills to export condensate and do not want Aurora to export the condensate, then the C.C.F. want to keep it at home.

Mr. Argue: Oh, no.

Mr. Woolliams: What do they want, then, Mr. Chairman? They cannot have their cake and eat it too.

Mr. Argue: We want a publicly-owned company.

Mr. Howard: The hon. member is just about as good as the Prime Minister. Let him keep it up.

Mr. Woolliams: That is exactly what they want. They want the provinces of Alberta and Saskatchewan to go to bed with petroleum and natural gas just as Alberta went to bed with the coal because some Albertans were afraid that we did not have enough coal with which to look after the people in Alberta. The people were so few that it was necessary to have a six-man jury instead of a 12-man jury. The answer is that they have got to use either one company or another. But all their arguments are hogwash and I am going to come right back to the point from which I started. The fact is that all we are asking to do is to incorporate a company. What I submit is this. Suppose a company came to the House of Commons as petitioners and asked to incorporate a pipe line and did not say where they were going to build their pipe line. Is there anywhere anything in law that says that any of these members on that side of the house can suggest that the certificate of incorporation should be turned down? Is there anywhere anything in law that says that you must set out particularly where you are going to build the pipe line?

Mr. Peters: If you do not do so, you will not get a licence.

Mr. Woolliams: The fact it that all we are asking for is this. We are petitioning parliament to incorporate a company. My hon. friends say we cannot do it because some United States money is being used. Let me say to my good friends that there are very few companies—I do not know the percentage but it would be negligible—that have not United States capital and British capital. Just as the United States was developed by British

and French capital, so is this country and particularly the petroleum industry of Alberta being developed by United States capital. To my hon. friends I say this as a private backbencher. I hope that capital continues to flow into the province of Alberta even if it dares not go into the province of Saskatchewan because it is frightened out by the socialists. If we had the socialists in power—

Mr. Howard: Good old Social Credit.

Mr. Woolliams: We think we have problems of unemployment now. But if we had the socialists in power, in Canada or anywhere, they would drive out capital and we have no idea what would happen to our economy. What would the rate of unemployment be?

In conclusion may I just say this. I appeal to the common sense of the members of the House of Commons. We are merely asking—and I repeat this—for the incorporation of a company. All of these facts that have been argued and submitted by the C.C.F. Mr. Chairman, may I submit with the greatest respect to you, are out of order. The fact is that those facts, questioned by the C.C.F. come before the national energy board which has the jurisdiction to consider the matter; and before the application reaches that board it must receive approval from the Alberta conservation board.

We have those two boards set up by law, one by this parliament and we have not temporarily handed over any jurisdiction; we have handed over that job to the national energy board. They have their engineers; they have their technicians; they can weigh the pros and cons of the evidence.

When the hon. member for York North was asked, "Have you the knowledge in reference to this matter?" he said, "No, I have not". He answered fairly the question put by the hon. member for Calgary South. The fact is that the board was set up to decide these things.

I ask the hon. members in the far corner who have been filibustering to look at this bill. I ask them to make their statements in accordance with the facts in question and direct their arguments to the bill. When they say I should be ashamed of myself for presenting this bill, let me say to them that I am proud to bring forward a bill for freedom of enterprise and for the development of the industry in my home province. As the hon. member for Jasper-Edson said, "We have the roughnecks; we have this man and that man, all engaged in the petroleum industry. All these fellows are working in our industry. Keep it healthy, keep it competitive, and we will have a healthy economy in the province of Alberta".

Mr. Peters: And keep it American.

(Translation):

Mr. Deschatelets: Mr. Chairman, I have only a few brief remarks to make on this bill to incorporate the Aurora Pipe Line Company.

After the dispute that has been going on since the beginning of the afternoon between the partners of 1956, the C.C.F. socialists and the Progressive Conservative members, I think a few remarks are in order at this point.

What a strange reversal of things. During the discussion on a pipe-line, we hear once more the terms of filibuster, obstruction, guillotine, Texas buccaneers. Now, that C.C.F. filibustering reminds me of a proverb:

He who sows the wind shall reap the whirlwind.

Today, the Conservative government reaps what it has sown with both hands in 1956. It is appropriate to note that the C.C.F. party was schooled and trained by the present Minister of Justice (Mr. Fulton) and the present Minister of Finance (Mr. Fleming) during a similar debate in 1956. As a matter of fact, it was when he was denouncing the "Texas buccaneers" that the desk of the hon. member for Eglinton was adorned with the union jack. But I would hardly think that the former associates of the Conservatives would go as far as that in ridicule today.

Anyhow, Mr. Chairman, the Progressive Conservatives have changed their policy. They now adore what they burnt in 1956. As far as we, Liberals who remained logical and consistent in our policy, are concerned, we denounce once again the confusion, and the lack of consistency and logic this Conservative government has shown in its various stands since 1956.

(Text):

Mr. Horner (Acadia): Mr. Chairman, I wish to make just a few brief remarks regarding what was said by the hon. member for Assiniboia about this government changing its mind. He was referring to these hon. members changing their minds.

In May last year the hon. member's party supported the private member's bill to incorporate Northern Pipe Line Company. Who financed that company? The answer to that question is to be found right here in *Hansard*. At page 4379 of *Hansard* for May 31, 1960, the hon. member for Kindersley is reported as having said:

—the principal beneficial shareholder is Minnesota Pipe Line Company, a corporation organized and existing under and by virtue of the laws of the state of Delaware—

He went on to say that its principal office was located at Saint Paul, Minnesota. Certainly hon. gentlemen opposite did not oppose that bill at that time, and they now appear to be trying to paint a picture of consistency

in this regard. They are consistently painting a picture of a bunch of fools talking of something about which they know nothing.

The hon. member for Assiniboia said that the committee was ineffective and he deplored the ineffectiveness of the committee. He said it took no action whatsoever, it said very little and reported the bill back in a great rush. What part did the hon. member for Skeena play in the committee? As is reported at page 42 of the minutes of proceedings and evidence, he asked four simple questions when trying to review some statement made in the house at an earlier time. Four simple questions represent his great contribution to the committee. It may have been five; he may have asked another question somewhere else. But if the committee was ineffective, as has been said, why did not the members of that socialist party take a greater part in it? They had counsel with them. The hon. member for Timiskaming sat in the background listening to the proceedings and giving them his great counsel.

I would only say in conclusion that this bill differs greatly from the one debated in 1956, if I remember correctly, although I was not in the house at that time. The matter then under discussion was the trans-Canada pipe line and the government of that day suggested a loan of something like $380 million to a United States company. That question would have concerned me had I been in the house at that time. There is no such question in this bill. This is a private company wishing to build a 41-mile pipe line, and there is no comparison whatsoever between this bill and the one debated in 1956.

Mr. Howard: Mr. Chairman, I wish to make just one or two remarks in connection with what the hon. member has just said. He questioned the role which I played in the committee. He and others are usually quite pleased to accuse me of speaking too much.

Mr. Horner (Acadia): I have never accused you of that.

Mr. Howard: Oh, oh, the hon. member says he has never accused me of speaking too much.

An hon. Member: *Hansard* is telling stories again.

Mr. Howard: Here, on the one occasion perhaps—and this is for the benefit of those who have made this accusation, untrue as it is—when I got to a committee to listen attentively to all the proceedings and to absorb as much as I can, the hon. member for Acadia jumps up and says I should have made just as big a fool of myself there as he is doing here. I can appreciate how he in particular, and others, can get off on this wrong track. When it is not possible to justify a position, wild statements are made in this house.

I have only one further comment in connection with the remarks made by the hon. member for Maisonneuve-Rosemont. The hon. member referred to the inconsistencies apparent in the committee today.

Mr. Deschatelets: Be careful now.

Mr. Howard: I would say to my hon. friend that I am always careful, especially when I am speaking through you, Mr. Chairman, to such an astute and capable member. However, I would point out that the fact is that the hon. member for Maisonneuve-Rosemont belongs to a party that is consistent; it is consistently in favour of the Texas buccaneers, pirates, and so on, whom they favoured when they were in power.

I should like to make a comment or two about some of the things which the hon. member for Bow River so flamboyantly poured into this committee a while ago. The hon. member began by saying that he was going to provide us with some factual information. He wound up by saying that he was back where he started from. In the whole process he did not go anywhere. But he did make one very interesting comment. He used one very interesting—I wonder whether it is revealing—phrase when he was talking about the Foothills company, I believe it was, which would go before the national energy board, would have to prove certain things and produce certain information, and so on. Then he said, "Likewise our company", referring to Aurora Pipe Line Company, the company with which we are presently concerned. I think it is important that he should qualify what he means by "our company". Does he mean a company with which he is associated, if he is associated with it? Does he mean the company which is silently endorsed by the government? This is important because it could have a bearing on the voting of the hon. member on a previous occasion. If the hon. member meant by the phrase "our company" the Aurora Company or the Hudson's Oil Company, a company with which he is associated through share capital, then he should not have voted previously on this bill. This is one matter into which we should inquire immediately before we proceed any further. I think that possibly this was only a slip of the tongue and the hon. member is associated with this company simply by being the promoter of the bill.

Mr. Woolliams: I appreciate the hon. member having brought this to my attention. If I did use the phrase "our company" I did

so as the sponsor of this measure only. I can assure the hon. member that I have no financial interest as far as this company is concerned and I certainly was not speaking for the government. I made that clear, and I think the hon. member knew exactly what I meant, too. But if he wishes me to clarify my statements I am always happy to do so because hon. members in that corner of the house are always so exact.

Mr. Howard: The hon. member is jumping to conclusions if he imagines people can always understand what he means. The word "our" is capable of various interpretations but, as I said, it could have been a slip of the tongue.

I should like to point out one other thing to the hon. member for Bow River. The hon. member made reference to the national energy board as a great protective agency. He told us how it kept the interests of the Canadian people always in mind and implied that all we had to do was to follow his ideas blindly and say: this is a good company, and the energy board would then carry out whatever it has to carry out in the best interest of Canadians and everybody else.

The hon. member made reference to the National Energy Board Act, sections 10, 24 and 44. He referred also to those sections in the committee on railways, canals and telegraph lines. In fact he quoted from them and read them into the record. There is an interesting part of this operation which was conveniently glossed over, but it is contained here in the act and it is, I think, worthy of consideration when people talk so much about the national energy board being paramount in these matters.

We are told that this agency is one which works independently in the best interests of Canada—that it is an entity to which certain authority has been given, that there is no interference with those powers, and so on. But what does section 44 say? I recall some objections being raised about this in committee of the whole when the national energy board bill was before parliament.

I am reading now from the evidence at page 38 and I am assuming that the hon. member for Bow River, when he read this, read correctly from the act. I am quoting now from his own statement of what the act contains. If I am wrong, I am sure the hon. member for Bow River will correct me, admitting at the same time, that the error was originally his. I read:

> Section 44 sets out the kind of evidence which shall go before the board.
>
> The board may, subject to the approval of the governor in council, issue a certificate in respect of a pipe line or an international power line if the board is satisfied—

And so on. So it is not the board which acts as the final agent in protecting the interests of Canada as we have been led to believe or misled into believing; it is the governor in council, or, in other words, the cabinet, which decides.

The board is not, in fact, an agent free of political interference. What could be easier than for this cabinet, this government, to have given its blessing already to the Aurora Pipe Line Company or Continental Oil or whoever their friends are in the United States oil industry, knowing full well it would have to appear before the board at which time the cabinet would approve the granting of permission to build a pipe line? All this talk about the board being an agency to protect the people of Canada is so much nonsense. It is the governor in council who is going to make the decisions, and I think that should be understood.

The hon. member for Bow River was generous in his accusations against the hon. member for Assiniboia. I see they are sitting close together now.

Mr. Woolliams: Don't blame me for that.

Mr. Howard: I know the hon. member for Assiniboia has aspirations to sit on those benches. Perhaps that is why the hon. member for Bow River is there too. In trying to seek out—

The Chairman: Order.

Mr. Howard: In any event, the hon. member for Bow River did level in a generous way these accusations against the hon. member for Assiniboia. He accused the hon. member of not knowing what he was talking about. Perhaps the hon. member for Vancouver South started all this. You will recall, Mr. Chairman, that the hon. member for Vancouver South, a member of the hon. gentleman's own party, was the first speaker today. It was he who said that Aurora Pipe Line Company had already let a contract for the half mile of pipe line. That contract was let to a firm named R. H. Fulton of Texas. This was the comment as I took it down while the hon. member for Vancouver South was speaking.

Mr. Woolliams: I know the hon. member would not wish to be wrong about this but what I understood the hon. member for Vancouver South to say was that the contract had been let with reference to the 41-mile pipe line. In fact the hon. member had mentioned that to me outside the committee.

Mr. Argue: The hon. member is not a cabinet minister. He cannot speak from there.

An hon. Member: A few moments of glory.

Mr. Howard: I jotted down the words of the hon. member for Vancouver South and I took them to apply to Aurora Pipe Line. My note says that with regard to the half mile section to be built by that company a contract had been let to the R. H. Fulton Company, a Texas firm. It is true the hon. member did at the same time make reference to the 41-mile section and the two sentences were close together. It could have been he was referring to that. This is the question to which I think the hon. member for Bow River should have addressed himself instead of going off at a tangent and accusing the hon. member for Assiniboia of making incorrect statements.

The hon. member for Bow River was the one who left the impression a few days ago that the Pembina people had withdrawn their application to the Alberta gas and oil conservation board. The hon. member for Bow River left the impression by way of a question and because he left this impression by way of asking a question it was impossible for us to deal with it. We have since found that this was not a true impression. The hon. member for Bow River who sponsored this bill did not know what he was talking about in respect of at least one of these companies and for him, of all people, to accuse the hon. member for Assiniboia of making incorrect statements, particularly when that hon. member was basing his statement on the information given to this house by the hon. member for Vancouver South, is certainly very improper.

I suggest it is improper for the hon. member for Bow River to follow this procedure in presenting a bill to this house. It is also improper for that hon. member to level accusations against the members of this party in saying that we are supporting the Foothills company in favour of the Aurora company. It was made clear from the beginning that that suggestion was not to be read into our remarks. We are concerned, as I have said before, with that which is in the best interests of Canada, the oil industry and the general economy of the nation. We are concerned in regard to the rights of interested people and, in this instance, I am referring to the Pembina company.

It certainly was not in the best interests of that company when it was denied the right to appear before the committee of this house on February 21, 1961 when this matter was partially dealt with, even though this may have resulted from unfortunate circumstances. That is the type of thing we are concerned with. We do not feel it is simply a question of whether it is a good thing or a bad thing. We have grave doubts and misgivings in regard to the Aurora company and the manner in which it has dealt with certain questions.

Certainly there are grave doubts raised by a letter dated January 10, 1961 appearing as appendix A to the minutes of proceedings of the standing committee. This letter was addressed to my colleague, the hon. member for Vancouver East and signed by Mr. James A. Scott, president of the Pembina Pipe Line Limited. The letter consists of two printed pages. I would like to read a portion to this committee so that all hon. members will be familiar with the situation outlined therein. I feel that I am entitled to read these portions because reference has been made to the Pembina pipe line company this afternoon and the request which was made regarding their appearance before this standing committee. I will read the last paragraph rather than just the sentences of importance so as to present the complete context. The last paragraph reads as follows:

> Hudson's Bay Oil and Gas Company Limited (Continental Oil Company) is now trying to compete with Pembina by offering to take the surplus gas by-product liquids—

Mr. Brunsden: Mr. Chairman, on a point of order—

Mr. Argue: You cannot rise on a point of order, you are in the wrong seat.

An hon. Member: We are now in committee, and hon. members can speak from any seat.

Mr. Brunsden: The hon. member for Skeena is confused as to the oil company. It is my impression that we are discussing the Aurora pipe line bill and I am wondering why we are now considering Pembina Pipe Line Limited.

Mr. Howard: Mr. Chairman, I agree that perhaps the discussion regarding the Pembina company is not relevant but this subject was raised in the first instance by the hon. member for Vancouver South. It has been referred to by the hon. member for Vancouver East as well as by myself on earlier occasions. There has been ample reference to this company and I feel, Mr. Chairman, that if you enforce the rules strictly it would be unfair because we would then be left with an impression which is coloured or flavoured but not necessarily accurate. I would not be allowed to contradict those statements and we would be left with an improper comparison.

The Chairman: I feel that the contention made by the hon. member for Skeena is an accurate one. I do not intend to ask him to refrain from discussing this particular matter but I must say that I feel the debate has

strayed from that which normally takes place in the consideration of a clause in a bill. I would say that almost every hon. member who has spoken in regard to this bill has been guilty of straying from the subject matter.

Mr. Howard: Mr. Chairman, I do not intend to go into this at great length but I would like to refer to the last paragraph because it bears relation to the company which the bill is designed to incorporate.

The last paragraph reads as follows:

> Hudson's Bay Oil and Gas Company Limited (Continental Oil Company) is now trying to compete with Pembina by offering to take the surplus gas by-products liquids from the extreme south of the province of Alberta into the Continental facilities in the United States. They state that they have no present intention of extending the Alberta facilities to handle production from gas fields to the north. If this is taken at face value, Hudson's Bay is prepared to skim off the easy cream of the product at the expense of the other production in the province. Further, such action if permitted might well imperil our comprehensive and equitable system because of the lack of an economic pipe line volume. If it is the Hudson's Bay ulterior intention eventually to extend north into the province, they intend to duplicate what we have been proposing for many months. It is for such a purpose that Hudson's Bay are endeavouring to incorporate a special act pipe line company comparable to our Foothills company.

I have read the entire paragraph so that the important sentences will appear in their context and hon. members will appreciate how they fit into the paragraph as a whole. The main two or three sentences read as follows:

> They state that they have no present intention of extending the Alberta facilities to handle production from gas fields to the north. If this is taken at face value, Hudson's Bay is prepared to skim off the easy cream of the product at the expense of the other production in the province.

I assume that this statement means that, if this is a correct assessment of the intention of the Aurora pipe line company, it would be detrimental to the interests of Alberta. That is at least the point of view which is put forward by the Pembina company in this letter. They suggest that if the Aurora company is going to channel the condensates south into the United States without going north they will in fact be skimming off the easy cream of the product at the expense of the other production in the province. If this is a factual statement I would suggest that the whole situation should be explored further. I do not know whether this is a true statement. I know that it appears in this letter dated January 10, 1961 written by Mr. James Scott, the president of Pembina Pipe Line Limited. If it is the intention of the Aurora company to skim off the cream at the expense of the other production then this will not be beneficial to either the companies concerned, the citizens of Alberta or the citizens of Canada generally.

I think this situation should be clarified. I feel that the officers of the Pembina company should be requested to appear before a standing committee of this house and explain their reasons for arriving at the conclusion as set out in this letter. The Aurora people being there would be able to say, "Well, this is not correct, and this is how we disprove it", because, as I said before, the main concern is what is most beneficial to Canadians and Albertans and to our economy. This is the thing that we want to do. These are some of the questions that still have not been answered. It is quite true that questions of sorts were posed to one of the gentlemen from Aurora in the committee and he said, no, that is not so; it will not be skimming the cream off the crop. I cannot offhand find the particular reference in order to quote it verbatim, but I do recall that it was dealt with to a slight degree.

There is another matter of concern in so far as Aurora is concerned, and it has to do with their future intentions, and whether or not they do intend to proceed further northward into Alberta and perhaps even further north than that. Mr. Burgis of the Hudson's Bay Oil and Gas Company Limited did give some evidence to this effect, which appears at page 48 of the minutes of proceedings and evidence of the standing committee where, in answer to a question posed to him about what else they had in mind besides this little $15,000 line, said:

> At the moment, sir, we have nothing else specifically in mind. However, we are, as are many of the other oil companies, in the pipe line business. Frequently, when we consider moving crude or condensate from one field or one market to another it might involve consideration of crossing interprovincial boundaries and at that time we conceivably could use Aurora to build more facilities, let us say, from the Yukon or Northwest Territories into Alberta or something like that. But specifically we have nothing in mind at the moment. We put that in, as most companies do, when they are setting up a corporation which is going to have an indefinite life, to make it more flexible and to have more flexibility to cover future things that might happen.

In so far as it is possible for this gentleman to see into the future, I suppose this does to a degree endorse what Mr. Scott of Pembina said when he took them at their face value in saying that they have no present intention of extending the Alberta facilities for the production of gas and oil into the north. Mr. Burgis said in effect that for the present that is quite true, although at some time in the future they might very well want to go up there. In fact, he did mention that in answer to a question of the hon. member for the Yukon who asked about the authority

and powers to start pipe lines in Manitoba, Saskatchewan, Alberta, British Columbia, Yukon and the Northwest Territories.

The hon. member for the Yukon asked about activities in the Northwest Territories and the Yukon and Mr. Burgis said:

> I will be glad to answer that. We have undertaken a fairly extensive exploratory program in the Yukon and Northwest Territories which we hope will be successful in finding oil and eventually might need to build a pipe line or assist in building a pipe line to get the oil out to market. We certainly do not need it yet. We have undertaken a fairly extensive exploratory program in that area.

The witness went on further to say that they had exploration permits there, and that they were active in their search for oil and gas in both the Yukon and the Northwest Territories. I think this goes to prove the comments of Mr. Scott of the Pembina Pipe Line who assessed it in this way, namely that there was a lack of intention on the part of Aurora to extend north into Alberta. Perhaps he was correct in taking it at its face value. In two specific places before the committee Mr. Burgis mentioned that they had nothing specific in mind except building this half mile pipe line across the border into Montana and that, as far they could see, they had no intention at present of going north into Alberta to tap other lines or of going into the Northwest Territories.

I think we must take that at its face value and that it is not the intention of Aurora to go north. If that is so, then I think we should query the conclusion and I think the Pembina people can also, when they say that by so confining themselves to this section of the province they are not skimming off the easy cream at the expense of other production. Apart from the slight reference made to this in the committee, I do not know whether it is so or not, but from the very brief reference in the discussion that was held—

The Chairman: Order. I am sorry to interrupt the hon. member but his time has expired.

Mr. Peters: Mr. Chairman, I was very interested in listening to the remarks of the sponsor of this bill who outlined in glowing and evangelistic terms the righteousness of his company and the relationship that they have and the wonderful job they would be doing for all of the people, particularly of Alberta. It seems to me there is a touch of selfishness developing in some of the hon. members. It seems to me that instead of our friends supporting the buccaneers who were mentioned in the house three or four years ago, perhaps we should start protecting the buccaneers from Texas and from some of the other places because some of this selfishness would appear to me to be not in their favour.

Here we have a little itsy bitsy company which, according to the sponsor of the bill, should not make any difference at all. He sounded like one of those great Social Crediters who go around with the bible under one arm and with the other hand picking the pockets of the people through exploitation.

It seems to me that we have been told by the sponsor we have this little itsy bitsy company which has only 1 million common shares at $1 a share and 60,000 preferred shares at $50 a share, making a capitalization of $10 million, to build this little itsy bitsy pipe line of one half mile. No matter how the argument goes, I think the sponsor will agree that the Hudson's Bay Oil and Gas Company has already decided that it is going to build the 41 miles. The sponsor is quite right in making the statement that Aurora has not let this contract. I do not imagine they will ever let it. At the present time they have provision for spending only $15,000, and they are going to build just one half mile of pipe line, which is the key half mile crossing the international boundary.

Do hon. members not think that we are pretty naive if we expect this company to go into the United States where they intend to raise $10 million to capitalize a company which is going to spend only $15,000?

Mr. Woolliams: Will the hon. member permit a question.

Mr. Peters: The hon. member would not allow one but I will.

Mr. Argue: We are democratic.

Mr. Woolliams: We know that. When Foothills Pipe Line was incorporated in 1959 by chapter 64 of the statutes the capital stock of the company was to consist of 10 million shares at a par value of $5 per share, and if they built the pipe line in question it would cost $160,000. What is the difference between Aurora pipe line and the Foothills pipe line in question? It is a matter of form and the hon. member knows it. It is all set out that way in the incorporation of the company.

Mr. Peters: If we make a mistake once we do not have to do it again. We do not make the situation any better by making the same mistake again. I am not sure that we made a mistake.

Mr. Woolliams: Did you vote for it? Did you support Foothills? I thought you did.

Mr. Peters: I cannot remember if I was here that day.

Mr. Woolliams: The hon. member's memory is bad.

Mr. Peters: I know I have shown some consideration for western members when they have been interested in the building of pipe lines. I was quite impressed with the attitude of the Conservatives two or three years ago when they wanted to build pipe lines in Canada. I am not so impressed with some Conservatives when they get up and want to build another pipe line before the first one has had a chance to operate. I am not so impressed when they want to build another pipe line for the specific purpose of not allowing any of the product of the first line to bring benefit but rather of taking all the product and shoving it through a second pipe line into the United States.

Mr. Horner (Jasper-Edson): You don't know what you are talking about. You have absolutely no knowledge of the situation.

Mr. Peters: I am not alone in that. I have heard these flexible legal interpretations made. I have heard the sponsor of the bill tell us tonight how he wanted to put the facts on the record. I also heard him stand up and interject not long ago at which time he certainly did not state the facts because he told us the application for another pipe line had been withdrawn and therefore there was no reason—

Mr. Woolliams: On a point of order, Mr. Chairman, that question was raised in the committee. If the hon. member will read *Hansard* he will see that I asked a question and I said it was alleged from the knowledge I had that a certain application had been withdrawn. When that question was asked in the committee it was said under oath that the application was withdrawn. He should read the sworn statement and stay with it instead of running away from the facts in the manner he has been.

Mr. Howard: If I may speak to the point of order, Mr. Chairman, I should like to point out what the hon. member for Bow River did in the house, and the hon. member for Timiskaming is quite correct in this regard. The hon. member for Bow River interrupted in the house to ask a question. He did not ask a question but made the bald-faced statement that it was his understanding that Pembina had withdrawn their application.

Mr. Woolliams: That is not true.

Mr. Howard: This was on the very day that Pembina was supposed to appear before the Alberta board. In the standing committee I asked a question as to what had happened with regard to this application and whether it had been withdrawn. As found on page 42 of the proceedings of the committee there is the following:

> Mr. Howard: Within the last week or two Pembina and the people—your associated companies—appeared before the Alberta board?
>
> Mr. Burgis: Yes.
>
> Mr. Howard: They did not withdraw their application?
>
> Mr. Burgis: No, sir. They withdrew only their application to duplicate the portion that we have indicated in green.

That is entirely different from what the hon. member for Bow River led this house to believe—I am speaking to the point of order—not by way of an explanation or formal speech but by way of a back door question. He introduced this information in that way at that time obviously in an attempt to lead those who were speaking then into believing there was no point in inquiring any further into the matter because the Foothills company had withdrawn their application. That was not true. It was only true in respect of that section that was outlined in green. We have not got the map here to show hon. members but that was the situation.

Mr. Woolliams: I think I should put what I said on the record. As found on page 1815 of *Hansard* I said:

> May I ask a question at this stage? These are the facts, though I have not yet had an opportunity to substantiate them—the information was communicated to me by telephone.

I set that out and the hon. member who has just spoken has not set out the facts. I continued:

> In all probability the oil companies of which the hon. member speaks have withdrawn their applications in respect of this particular project before the Alberta conservation board.

Under oath before the committee it was stated that this particular application had been withdrawn. I do not see how the hon. member can stand in his place and say anything different. I went on to say:

> I wonder whether the hon. member has given any consideration to that?

Those are the facts and the hon. member knows those are the facts. If he wants to make statements that are not in accordance with the record, as he has done all afternoon, that is his privilege. The record will speak for itself and the people will know what the record says.

Mr. Howard: On the point of order, Mr. Chairman, it is obvious that both the hon. member and myself are now stating facts.

Mr. Woolliams: I will take my facts.

Mr. Howard: However, I doubt very much whether he can recognize them.

Mr. Peters: Mr. Chairman, I have been stating what happened and as I was not a member of the committee I suggest now that the hon. member has put forward exactly the same facts from the letter that he read tonight as he put forward the other evening and that they are probably no more reliable tonight than when he got them over the telephone the last time because I imagine they come from the same place. I am surprised he has not got a more coherent story to tell the committee as a result of the many communications he has had with the same source of information. It seems to me that the situation is still very confused as far as the sponsor is concerned. May I call it ten o'clock, Mr. Chairman?

Mr. Horner (Acadia): No, it is not ten o'clock.

Some hon. Members: Question.

Mr. Peters: Mr. Chairman, one hon. member indicated in his remarks this evening that there were no political implications in this or any other committee. If I have time I should like to put on record what was said by a Conservative member in another committee because it deals directly with the point in question.

The Chairman: Order. The hon. member will be happy to learn that it is now ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. McIlraith: I wonder whether I could ask the house leader to indicate the business for the next three days, if he is in a position to do so.

Mr. Churchill: For tomorrow and Wednesday, Mr. Speaker, there are six items of legislation that we would like to see considered by the house. The first one is No. 11 on today's order paper, the resolution in the name of the Minister of Finance dealing with the Tariff Board Act. The second item is No. 1 on today's order paper, second reading of Bill No. C-47. The third item is No. 5 on today's order paper, second reading of Bill No. S-5. The fourth item is No. 6 on today's order paper, second reading of Bill No. S-6. The latter two will be referred to a committee. These four items stand in that order for tomorrow.

The other items I have in mind are the second reading of Bill C-71, an act respecting the civil service of Canada, and the second reading of Bill No. C-73, an act to amend the Income Tax Act. I am not certain tonight whether they will be taken in that order. If there is a change I will inform hon. members on the other side of the house before 2.30 tomorrow afternoon.

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

HOUSE OF COMMONS

Tuesday, March 7, 1961

The house met at 2.30 p.m.

MISCELLANEOUS PRIVATE BILLS

Fourth report of standing committee on miscellaneous private bills—Mr. Mandziuk.

NATIONAL DEFENCE

ANNOUNCEMENT THAT UNITED KINGDOM BATTALION TO TRAIN IN CANADA

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, at the request of United Kingdom authorities the Canadian government has agreed to an arrangement whereby a battalion of the British army will train for the month of July at Camp Gagetown, New Brunswick. The name of the battalion designated for this training exercise will be announced by the United Kingdom. Royal Air Force transport command will airlift the battalion in Britannia aircraft to and from Canada as part of their joint service air mobility training.

In Gagetown the battalion will undergo normal training with the 3rd Canadian infantry brigade group under the direction of the general officer commanding eastern command. The cost of this exercise including the provision of Canadian rations will be borne by the United Kingdom. A similar announcement is being made today by the Secretary of State for War in the United Kingdom House of Commons.

DOMINION-PROVINCIAL CONFERENCE

PRODUCTION OF ILLUSTRATIVE TABLES

Hon. Donald M. Fleming (Minister of Finance): Yesterday, Mr. Speaker, the hon. member for Bonavista-Twillingate asked if I would produce three illustrative tables which were laid before the recent dominion-provincial conference by the federal government. I now produce two copies of each of these three tables. If it is the wish of hon. members that these tables be inscribed in today's proceedings, there would be no objection to that course.

Mr. Pickersgill: Agreed.

Mr. Speaker: Is it the wish of the house that the documents just tabled be printed in today's *Hansard* as an appendix?

Some hon. Members: Agreed.

[*Editor's note: For tables referred to above, see appendix.*]

HOUSE OF COMMONS

EDUCATION WEEK—PRESENCE IN GALLERY OF REPRESENTATIVE OF HIGH SCHOOL STUDENTS

Mr. K. H. More (Regina City): Mr. Speaker, on a matter of privilege I would ask, through you, the indulgence of the house at this time to bring to your attention a matter of great public importance in this country; that is, the observation throughout our country of Canadian education week. Under the auspices of the Canadian conference on education a student representative of our high school students in Canada, known as "Jimmy", has been chosen. His name is, in fact, James.

I would draw the attention of the house to this fine young citizen who I am very happy to report is from Moosomin, Saskatchewan, and who is in the gallery today. James Zondervon is a 15-year old farm boy from Moosomin, Saskatchewan who represents some 785,000 high school students in Canada. His example, and the example of the support we all give him this week, I hope will bring to the realization of our youth the necessity for the furthering of their education and the great advantages attending thereto.

UNITED NATIONS

RED CHINA—REPORTED STATEMENT BY MEMBER FOR CALGARY SOUTH

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask the Acting Prime Minister whether he has any comment to make on a statement attributed to the hon. member for Calgary South, a member of the Canadian delegation to the United Nations, to the effect that an approach should be made by Canada to Peking to find out the precise terms under which communist China would accept membership in the United Nations.

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I presume this statement was made in the course of a speech, and it would be quite impossible for me to comment on the speeches made by different members of the house.

Mr. Pearson: A supplementary question, Mr Speaker. Is the minister not aware that this particular member is a member of the Canadian delegation to the United Nations assembly that is now meeting, and that this puts his speech in a special category?

Mr. Green: Mr. Speaker, I cannot even comment on the speeches made here by the delegates to the United Nations. One of the hon. member's followers is a delegate and I would hate to have to comment on his speech.

Mr. Pearson: No, he is not.

[*Later:*]

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I could ask the Acting Prime Minister in his capacity as Secretary of State for External Affairs whether I understood him correctly in his reply to the Leader of the Opposition to say that the government no longer took the responsibility for statements made by official delegates of the government at the United Nations.

Mr. Green: Mr. Speaker, the hon. member for Bonavista-Twillingate as usual is a little twisted. I did not say that at all. The speech in question was not made at the United Nations; it was made in Canada. The hon. member realizes just how terrible it would be if we, for example, had to answer for the speeches he made in Canada or even in the house.

Mr. Martin (Essex East): May I ask the Secretary of State for External Affairs if he agrees with the point of view of the hon. member for Calgary South?

Mr. Green: I have already said I am not commenting on the speech that was made by the hon. member or by other members. I make my own speeches on these questions.

CONGO—REPORTED THREAT TO OPERATIONS THROUGH SHORTAGE OF FUNDS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I would like to ask the Secretary of State for External Affairs whether he would care to comment on a press report which appeared in this morning's *Globe and Mail*, which indicated that the whole operation of the United Nations in the Congo is threatened by current bankruptcy of United Nations funds. Has the Canadian government given any consideration to a substantial increase in its contribution to this fund for this purpose?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, there is no doubt that the financial situation is difficult in this regard, largely as a result of some nations not paying their fair share or, for that matter, paying at all. Canada has been very careful to pay its own share of the cost and will do so in the future.

[Mr. Pearson.]

Mr. Argue: A supplementary question, Mr. Speaker. Since this appears to be an emergency situation partly arising because of the reason given by the minister and partly because of the need for increased funds for the Congo operation, has Canada given any consideration to enlarging its contribution?

Mr. Green: No, Mr. Speaker, but this question will be discussed in the fifth committee in the United Nations. I can assure the hon. gentleman and other members of the house that Canada has done more than her share.

PUBLIC SERVICE

NATIONAL RESEARCH COUNCIL—APPOINTMENT OF CLAUDE JODOIN AS MEMBER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to ask the Acting Prime Minister a question based on the announcement in the March 4 issue of the *Canada Gazette*, as follows:

His Excellency the Governor General in Council has been pleased to make the following appointments:

February 15, 1961.

The following persons to be members of the national research council for a term of three years, from 1st April, 1961, to 31st March, 1964.

Included in the list:

Claude Jodoin, Esq., president, Canadian Labour Congress, Ottawa, Ontario.

Before I ask my question I want to compliment the government on their impartiality in this appointment. As I understand it, this is the first occasion in Canadian history on which a member of the national committee of an opposition party has been appointed—

Mr. Speaker: Order.

Mr. Herridge: I now come to the question. I think it is a precedent of pristine significance. Will the Acting Prime Minister inform the house whether Mr. Jodoin's appointment has been confirmed by the national council of the Canadian Labour Congress?

Hon. Howard C. Green (Acting Prime Minister): I really am not in a position to answer that question for the hon. member, but I do suggest to him that if he expects this New Party to be a success he had better bring about a better contact with the Canadian Labour Congress, because they should have this information. All I can say is that Mr. Jodoin was appointed to the national research council on an individual basis and with the knowledge that he would make a worthwhile contribution.

Inquiries of the Ministry

NATIONAL DEFENCE

BOMARC MISSILES—INQUIRY AS TO USE OF ATOMIC WARHEADS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in order to remove, if possible, the misunderstanding created in the matter by recent government statements, may I ask the Minister of National Defence whether the position of the government in respect of nuclear warheads for the Bomarc missile remains as set out by the Minister of National Defence on June 23, 1960, before the defence expenditures committee, namely that the Bomarc anti-aircraft missiles to be effective would require nuclear warheads?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, as I have indicated to the Leader of the Opposition and to two or three other people on that side of the house on several previous occasions, the whole question in connection with nuclear weapons remains as it was stated by the Prime Minister, I believe it was in 1959, and on several subsequent occasions since that time, and there has been no change in that regard since I last answered a question along this line.

Mr. Pearson: A supplementary question. Is the government's position, then, that which was stated by the Prime Minister on February 20, 1959, as reported at page 1223 of *Hansard*, as follows:

> The full potential of these defensive weapons is achieved only when they are armed with nuclear warheads.

That was in the Prime Minister's speech.

Mr. Harkness: That is a straight factual statement with which I do not think anybody can disagree.

SALARY INCREASES FOR PREVAILING RATES EMPLOYEES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wish to direct a question to the Minister of National Defence. I apologize for not having had the opportunity to send him notice. Would the minister care to comment on complaints that prevailing rates employees of his department have received no increases during the last two years, although they feel such increases should have been forthcoming?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, I am not able to comment on this matter, because I am not aware of any specific complaints in this regard.

SHIPPING

NEWFOUNDLAND—STATEMENT ON REQUEST FOR ICEBREAKER SERVICE

On the orders of the day:

Hon. Leon Balcer (Minister of Transport): In reply to the question asked yesterday by the hon. member for Humber-St. George's I would advise that representations have been received for the services of an icebreaker at Bonne bay. Owing to heavily rafted and ridged ice on the western coast of Newfoundland, it is not feasible to attempt an entrance into Bonne bay at the present time. However, ice reconnaissance flights over this area are being undertaken, and at the first easing of pressure an icebreaker will be dispatched.

AIRPORTS

WINNIPEG—PROGRESS REPORT ON NEW TERMINAL BUILDING

On the orders of the day:

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, yesterday the hon. member for Winnipeg South asked about the contract for the construction of the new terminal building at the Winnipeg international airport.

When tenders on this project were opened late last year it was found that the lowest tender was substantially above the cost estimate which had been provided to us. Accordingly, treasury board directed that we review the project to see if further economies could be made which would bring the cost more into line with earlier cost estimates. In view of the size and complexity of the project this review has been a rather lengthy and complicated undertaking, but I expect that it will be completed shortly and that I will be able to make a further recommendation to treasury board in this regard. I can assure the hon. member that full and sympathetic consideration is being given to the use of Canadian labour and materials.

As for the access roads, while we have, I believe, heard from the municipalities of Winnipeg and St. James, we are at present awaiting comment from the recently established metropolitan authorities.

CANADIAN BROADCASTING CORPORATION

INTERNATIONAL SERVICE—ALTERNATIVE EMPLOYMENT FOR DISPLACED EMPLOYEES

On the orders of the day:

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): Mr. Speaker, on February 27 the hon. member for Bonavista-Twillingate asked a question of the Minister of National Revenue in

connection with alternative employment for persons who might be displaced by the curtailment of the international service of the C.B.C.

I have the following information. I am informed by the C.B.C. that some of these people have been transferred to fill vacancies in the national service and that the remainder are being considered for other possible assignments. This is a matter which has received and is continuing to receive attention from all levels of management in the corporation. The actual cut-off in international service is scheduled for March 31, 1961.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Since the minister gave the same answer in the house some days ago, I should like to ask whether any additional people have obtained employment in the meantime.

Mr. Lambert: Not to my knowledge.

FORESTRY

STATEMENT AS TO ARRESTING OF DUTCH ELM DISEASE

On the orders of the day:

Hon. H. J. Flemming (Minister of Forestry): Mr. Speaker, a few days ago the hon. member for Bonavista-Twillingate asked me whether the department was making any progress in finding a means of arresting Dutch elm disease. I replied that I had no up to the minute information but would take the question as notice.

I am pleased to advise as follows. The Dutch elm disease occurs widely in Ontario and Quebec and in the upper Saint John river valley area of New Brunswick. The causal fungus is carried from diseased trees to healthy ones by bark beetles. Spread of the disease can be reduced by sanitation programs to remove weakened elm trees and branches in which the beetles breed, by spraying with d.d.t. to prevent the entry of beetles into healthy trees, and by prompt felling of diseased elms, with destruction of the bark, to prevent emergence of fungus-laden beetles. An effective control program may require use of all three lines of action.

The Department of Forestry carries out continuing insect and disease surveys, and keeps municipalities and the public informed of areas of known distribution of the Dutch elm disease. The department is conducting research on host-parasite relationships as an aid to formulation of improved control procedures. It also provides a diagnostic service so that occurrence of the disease in suspect trees may be confirmed before expensive felling operations are undertaken.

Responsibility for the application of control measures rests with the owners, usually municipalities or private citizens. The department provides information and advice to such owners on the organization of control procedures.

This is a disease of foreign origin and as such comes under quarantine regulations administered by the plant protection division of the Department of Agriculture. Officers of my department co-operate fully with the plant protection division in the exchange of information leading to appropriate quarantine regulations. In the event the hon. member for Bonavista-Twillingate does not have publication No. 1010 on Dutch elm disease, I am sending him a copy.

Hon. Paul Hellyer (Trinity): I should like to ask the minister a supplementary question. Can he say whether the zinc oxide treatment has been found to be effective?

Mr. Flemming (Royal): I would not be able to answer that at the moment.

DEFENCE PRODUCTION

PROCESSING OF BEEF FOR DEFENCE CONTRACTS

On the orders of the day:

Mr. Arnold Peters (Timiskaming): I should like to direct a question to the Minister of National Defence. Has the minister received a submission from J. J. Howlett, president, united packinghouse workers Ontario council, protesting the installation by the defence department of a $50,000 machine in the plant of Essex Packers at Hamilton for the processing of dried beef for defence contracts? If so, would the minister care to inform the house if an effort could not be made to instal these machines in an organized plant rather than in the plant of a low wage non-union firm?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, I have received a letter from Mr. Howlett in connection with this matter, as well as a letter from another gentleman. Perhaps I might say that the defence research board was instrumental, with army support, in setting up a program to investigate a new food process known as freez-dry. In the course of their investigations, defence research board evaluated a series of firms to ascertain their capabilities to work this process. As a result of these investigations they recommended, from a purely technical aspect, either of two companies.

From that point on, of course, the matter was in the hands of the defence production department. As most members of the house are aware, all contracts for the defence department are made by the defence production

department. I shall have to leave it to the Minister of Defence Production to deal with the other elements of this question.

PRIVILEGE

MR. WOOLLIAMS—REFERENCE TO REMARKS IN DEBATE ON MARCH 6

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): I rise on a question of privilege, Mr. Speaker. At page 2708 of *Hansard* for yesterday there is recorded a reference by me to the fact that 50 per cent of the directors of Foothills Pipe Lines Limited must be from the United States, 50 per cent from Canada, and the chief executive officer must be from the United States. At that point there is recorded an interjection by the hon. member for Assiniboia (Mr. Argue), "That is false."

I should like to read from the agreement made on December 14, 1960, page 14:

> —fifty (50) per cent in number of the members of the board of directors of each of Foothills, Dakota and the fractionation company, each of which boards of directors shall always, be composed of an even number of directors, shall be persons who have been designated by Standard—

That is found on page 14 of the agreement. I would not make this point of privilege if I had heard my friend from Assiniboia say that that was a falsehood.

Mr. Hazen Argue (Assiniboia): On the point of privilege that has been raised, I should like to say that I naturally accept the statement of my hon. friend. However, Mr. Speaker, I would point out that I am glad he has raised the point. I have no objection to it at all, but I wish to raise the question of whether it is in fact a genuine question of privilege to rise in the house to correct statements that have been made in prior debates. This might well have been done in the debate this afternoon between five and six o'clock.

Mr. Woolliams: On the point of privilege—

Mr. Speaker: Order. The hon. member has made an explanation which he wished to make as a matter of privilege, and I think that should close the matter. Where there was no opportunity at the time I have occasionally permitted members to make explanations that referred back to previous debates, but I hope this will not be necessary very often.

BUSINESS OF THE HOUSE

DEFENCE EXPENDITURES—INQUIRY AS TO APPOINTMENT OF COMMITTEE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Acting Prime Minister whether it is the intention of the government to set up at this session a defence committee or a defence expenditures committee of the house?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, there has been no decision on that point as yet.

DOMINION-PROVINCIAL RELATIONS

REPORTED STATEMENT BY PRIME MINISTER ON TAX SHARING

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Minister of Finance whether a statement made by the Prime Minister at Quebec, as reported in the Montreal *Star* of March 4, 1961—and it appears in quotation marks—"no province would receive less than it had been receiving", would apply to the provinces of Alberta and British Columbia.

Hon. Donald M. Fleming (Minister of Finance): I have not seen the text of the Prime Minister's statement, but I presume it is an allusion to the guarantees that were provided in the proposals submitted by the federal government to the dominion-provincial conference 10 days ago. The first of these guarantees was that no province should receive less in any year than the sum of money received under the present agreements averaged over the last two years of the present five-year period.

There was also the additional guarantee extended to the provinces whose yield from the proposed four sources of revenue was below the national average, that no such province would receive less in the new period than it would have received had the present arrangement been carried into the new five-year period.

I presume the reference in this case is to the first of these two guarantees.

TARIFF BOARD ACT

AMENDMENTS INCREASING MEMBERSHIP, PROVIDING FOR SALARIES, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider the following resolution:

> That it is expedient to introduce a measure to amend the Tariff Board Act to increase the number of members of the board from five to seven, and to provide for the salaries of the new members; and to provide further for consequential amendments designed to facilitate the adoption by the board of a panel system.

Motion agreed to, and the house went into committee, Mr. Rea in the chair.

Mr. Fleming (Eglinton): Mr. Chairman, in introducing the supplementary budget on the evening of December 20, 1960, I made the

following reference to the subject matter of the resolution now before the committee, as reported at page 1013 of *Hansard*:

> In view of the heavy program of important work which awaits the tariff board, the government proposes to enlarge the board and to provide for expediting its work. The government is fully aware of the urgent need to modernize sectors of the tariff which have become out of date. At the same time we consider it important to provide for careful investigation and public hearings before major tariff revisions are introduced. This permits all interests and all points of view to receive full consideration. We believe that the tariff board is the appropriate body to undertake this task, and that in order to do so expeditiously the board should be enlarged sufficiently to permit it to adopt a panel system.
>
> Accordingly I am placing on the order paper a resolution looking toward a bill which will provide for an increase in the board's membership from five to seven. Additional membership will make it practicable for the board to operate normally as two separate panels, and to proceed simultaneously with two inquiries or appeals. In addition to authorizing an increase in the membership of the board, the bill will provide also for consequential amendments designed to facilitate the adoption and operation of a panel system.

The bill to be introduced pursuant to this resolution, when adopted, will accordingly provide for an increase from five to seven in the number of members of the tariff board. The increase in membership is proposed in order to facilitate the operations of the board. It will enable the board to sit at the same time in two panels, each with a minimum of three members. This change should permit the important functions performed by the board to be discharged more expeditiously, while at the same time ensuring that adequate account is taken of all relevant considerations.

Having regard to the nature of the problems with which the tariff board deals, I think it will be agreed that it is important that each panel be large enough to reflect the possibility of differing points of view. For this reason it has not seemed appropriate for the tariff board to operate with one-man or two-man panels, although such panels may be perfectly satisfactory in some other fields. There would be serious objections, I take it, to having even a two-man panel deal with an important tariff board reference or appeal.

It is contemplated that in future the board will normally sit in two panels, one presided over by the chairman and the other by the first vice chairman. The amendments to the act which are proposed will not, however, restrict the wide measure of freedom which the chairman now has and always has had, throughout the period since the board was first established in 1933, to arrange the board's internal business as he sees fit. For example, it will be possible for all seven members of the enlarged board to sit on any reference or appeal if, in the judgment of the chairman, the importance of that appeal or reference justifies such a procedure.

The proposed bill will provide also for minor and consequential amendments flowing from the proposal to increase the membership of the board and to adopt a panel system. These consequential amendments relate to such matters as the designation of the persons to preside at sittings of panels, revision of some of the provisions relating to the powers and functions which may be exercised by the chairman, vice chairmen and members of the board, and a new provision authorizing each member of the board to administer oaths and take and receive affidavits, declarations and affirmations.

The Deputy Chairman (Mr. Rea): Order. Before the hon. member rises, I wonder whether hon. members would please lower their voices when talking. It was very difficult to hear the Minister of Finance.

Mr. Benidickson: Mr. Chairman, it is true that in the speech from the throne there was a suggestion that the tariff board would be divided into panels, as I recall it, and also in the budget proposals of December 20 last. In a speech which I made on December 21 I said that on the face of it this had merit.

The tariff board has been of great service to this government and to governments that have preceded it. On the other hand, by reason of legislation recently introduced by this government, I think one might wonder whether in the future this tariff board will have the same jurisdiction, the same influence and the same importance as it has had in the past. A great many members on this side of the house showed resentment in a recent debate, to which under our rules we are not allowed to refer in the course of this discussion. However, I would refer the minister only to his words about erosion. We feel that aspersions have been made toward the existing tariff board, and we think this is of some importance in this debate and consideration of the new legislation before us today despite, as I know, the limitation regarding reference to previous debates during a current session. I know that the hon. member for Ottawa West very strongly resented the fact that possibly the tariff board, which we are now asked to enlarge, had in the last decade been charged with an erosion which was contrary to parliamentary will. I cannot go into recent debates, but hon. members will recall that these matters have been discussed.

I simply want to say in this instance and in this context that the tariff board was for 17 years, from 1940 to 1957, I think, presided over by one of our most exemplary and

distinguished public servants. It happens that the same individual was asked to represent his country in international trading negotiations, including the GATT agreement of 1947. One of the matters that have bothered me this session has been the assertion on the part of the government that there could possibly be any erosion on the part of the past tariff board of Canada's interests in the last decade, when we had presiding over the tariff board for almost 17 years this same gentleman, whom I will name. I refer to Mr. Hector McKinnon, the gentleman who led our delegations years ago when we were treating with other countries for trade opportunities.

I just cannot believe that under the presidency of Mr. Hector McKinnon such a thing like erosion in law could occur in the last decade. I am again, perhaps not properly, referring to another debate. I think it is just impossible for this House of Commons to believe that the late head of our tariff board for this period, who was also concerned with our trade negotiations for 17 or 20 years, could in any way in this dual capacity erode parliamentary decisions or the interest of this country. I scoff at this suggestion. In addition to that, Mr. Chairman, I want to remind you that after retirement this gentleman who was accused—

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member is not discussing the resolution at all. He keeps referring to a debate that went on last month for seven days. With respect I make this suggestion to you. Can we not confine the discussion to this resolution? It is clearly against the rules of the house to keep referring in this way to a previous debate of this session.

Mr. Pickersgill: My friend the hon. member for Kenora-Rainy River referred to a matter which arose in a previous debate and which has to do with the whole character of the tariff board which we are now being asked to enlarge. Surely the minister is going to justify his conduct in asking us to increase the size of this board which he himself in another debate this session accused of disregarding the law made by parliament. Having made such a serious charge against this board, when he asks us to increase the board against which he made these charges surely he is not going to circumscribe our right to debate his own proposal.

Mr. Benidickson: I have indicated, Mr. Chairman, that I am not speaking in any way in contradiction to what I suggested on December 21 was a proper course. I think we should have a panel system in view of the increased responsibilities of the tariff board. What I want to say, however, is that the government cannot have this both ways. They cannot accuse the tariff board over the last decade of having been an opponent of parliament, of having in its decisions eroded the intent of parliament, and then ask at the same time that this board be continued and increased to two panels, without a proper discussion in this committee.

In addition I want to say this with respect to my view. It would not have been possible for the tariff board of the past to have eroded the intent of parliament, in view of the fact that this government felt that even after the retirement of the gentleman of whom I have spoken, after 17 or 20 years in office, the chairman of the tariff board—

Mr. Fleming (Eglinton): Mr. Chairman, may I ask you to rule on the point of order. The hon. member is discussing something entirely outside the scope of this resolution. He keeps referring to what has been said in the course of a previous debate at the present session. Surely that procedure is clearly out of order. We are here discussing a resolution that contemplates an increase in the number of members of the tariff board.

Mr. Benidickson: In the past debate, Mr. Chairman, I have never referred to the particular matter I am discussing at the moment, nor do I recall anybody else having done so. We are discussing only the tariff board. We are discussing its enlargement and the possibility of creating two panels. In that connection I am referring in my remarks only to the chief architect in recent years of that board Mr. McKinnon who was serving Canada. I am saying there is a possibility that whoever is appointed to the tariff board from now on might be put in a dual and perhaps unfortunate capacity. I think the past chairman of the tariff board has not been treated properly in references made by the minister in debates this session.

Mr. Fleming (Eglinton): Order.

The Chairman: Order. I thought the hon. member was making only passing reference to the former chairman of the tariff board. As he is doing more, I must agree that the point of order raised by the minister is well taken. The resolution deals only with the increase in the number of members of the board. The application of the Tariff Board Act or the conduct of the tariff board, when these matters are not related to the number of members of the board are not subjects relevant to the resolution.

Mr. Benidickson: Mr. Chairman, if those appointed to this board are likely to have a dual responsibility; if on one hand they are given responsibility to represent Canada in trade treaty negotiations and then on the

other hand are to be asked to be members of a board, I think you would at once agree that my remarks are relevant.

Mr. Argue: On the point of order, Mr. Chairman, I would suggest—

Mr. Clancy: I rise on a point of order.

The Chairman: Order. I have recognized the hon. member for Assiniboia.

Mr. Argue: On the point of order may I say this, Mr. Chairman. Under a measure of this kind which asks parliament to approve an increase in the membership of the board, surely it is in order to discuss the competence of the board as it now exists. If the board is wholly competent to deal with all questions put before it, then perhaps it may follow that we do not need this increase in number. However, if it should be correct, as has been said, that the board for particular reasons has not been able to do the best kind of job, in the opinion of the Minister of Finance, then that would be an argument for enlarging the board.

I think it is out of order to quote at this stage statements that have been made in a previous debate. However, when the Minister of Finance in the budget speech itself and since that time has made many statements about the conduct of the board, surely it is in order to discuss the conduct of the board. What is the increase for? If the board has been completely competent to do and completely efficient in doing everything put before it, why then ask for an increase in the board? Surely the chairman is not going to say, "You can just discuss a roman numeral, numeral V or numeral VII."

Mr. Benidickson: That was the point I had in mind.

The Chairman: Is the hon. member speaking on a point of order?

Mr. Benidickson: Yes, Mr. Chairman, I am speaking on a point of order. Surely it is relevant to discuss erosion on the part of the last tariff board in a debate relating to a bill which is going to increase the number of members of the board to perform duties in the same sphere.

Mr. Clancy: Mr. Speaker, I take strong objection to the breaking of the rules of this house by the opposition. If you are going to enforce the rules they should be enforced for everyone.

The Chairman: This problem of relevancy, as all hon. members realize, is always a very difficult one. In the view of one hon. member a subject may be relevant but in the view of another hon. member it may be out of order. I must say that relevancy must be real and not simply the result of imagination. An hon. member can claim that his remarks relate to the resolution under discussion because that hon. member desires to discuss certain aspects of a problem which is of peculiar interest to him, but I must say that hon. members should realize that the resolution preceding a money bill is only to be considered in principle in regard to the expense involved and therefore the scope of the debate should not be enlarged to include a discussion regarding the function of a board or the members thereof. It may be that an hon. member in order to make a certain point which is relevant must discuss a problem which is perhaps not strictly relevant, but I think members should remember that in general they should not use such a debate as an opportunity to discuss some irrelevant problem.

Mr. Benidickson: Mr. Chairman, I think when we are considering the composition of a government board we are entitled to look to the work which has been done by that board in the past and any criticism that has been made with respect to it. Unfortunately the criticism with respect to this board has been made this session by the Minister of Finance, when he referred to erosion by this board. I realize there is a rule, Mr. Chairman, that we are not supposed to discuss any previous debate—

The Chairman: I want to point out to the hon. member that if the problem of erosion, as he describes it, has something to do with the number of members it is relevant, but if it has nothing to do with that it certainly is not relevant.

Mr. Pickersgill: Mr. Chairman, on that point I think I can demonstrate in a few sentences that it is highly relevant. We are being asked in this resolution to decide whether it is expedient to expend more of the taxpayers' money by appointing additional members to this board. If the work of that board is detrimental to the country we should not be adding to its membership, we should be abolishing it. The Minister of Finance made certain suggestions in another debate, and it is true that if he had made those suggestions outside of this house no one would question their relevancy. The hon. member for Kenora-Rainy River has not once quoted that debate; he has merely alluded to the fact that in a particular place the Minister of Finance made criticisms which, if he had made them any other place, would have been indubitably relevant. I suggest a mere technicality of the rules does not make it irrelevant in these particular circumstances. The fact of the matter is that if this board has

been disregarding the law made by parliament we should abolish it, not add to it, unless this is a measure to pack the court. I say this is a most fundamental thing. We have not come here to say whether there should be nine, six or seven bodies; we are here to discuss what this board is going to do.

The Chairman: I feel that it would be relevant if put in the words of the hon. member for Bonavista-Twillingate, but that is not the way the member for Kenora-Rainy River has put it.

Mr. Benidickson: Mr. Chairman, surely the question was whether or not the board up to now had eroded the will of parliament. The hon. member for Bonavista-Twillingate has suggested that this subject should be included in the question before us. He has asked why should we have additional members on the board when there is the possibility that they will not serve parliament's will.

Mr. Martin (Essex East): Mr. Chairman, I would briefly suggest, having listened to this discussion with some interest, that one appreciates the difficulty in which Your Honour finds himself, though I believe a careful analysis of what the hon. member for Kenora-Rainy River has said would warrant the conclusion that he has not transgressed the rules. His use of the word "eroded" might psychologically give the impression that there has been a violation, because of the use of that word in another debate. But I would suggest to the Minister of Finance, if he would take advice, that if he showed some patience in the matter he would find that facility of debate would be unimpeded. However, if he takes the occasion to interrupt us at every opportunity he not only thwarts discussion but provides an obstacle to his own objective.

Mr. Fleming (Eglinton): I would be out of order.

Mr. Martin (Essex East): The Minister of Finance said he was out of order. I do not think that is the function of the Minister of Finance. I suggest to him, simply as a friend, that he withhold his anger and display some patience, and he would realize then—

Mr. Grafftey: Mr. Chairman, on the point of order—

Mr. Martin (Essex East): If the Minister of Finance followed my suggestion he would give the hon. member for Brome-Missisquoi an opportunity to again interrupt from his seat. I suggest that the Minister of Finance refrain from resorting to these tactics so that he might facilitate the course of the debate.

Mr. Grafftey: Mr. Chairman, on a point of order, I hope the house will make note of one thing that has happened this afternoon. I am referring to the successive points of order raised by the government side and by the opposition side. By a series of points of order the opposition members have placed upon the records of this house that which they have been told could not be placed on the records in normal debate. I suggest, sir, that these tactics are being consistently used by the opposition to override the ruling of Your Honour time and time again. The opposition members, by raising successive points of order, have referred to that which Your Honour has ruled against in the course of normal debate.

Mr. Pickersgill: Before the hon. member for Brome-Missisquoi takes his seat I would like to ask him whether he was in the gallery during the pipe line debate.

Mr. Grafftey: I would inform the hon. member that I was not in the gallery during the pipe line debate, and that I am discussing what has been going on this afternoon. I suggest, Mr. Chairman, that there has been a flagrant disregard of the rulings made by Your Honour which has created a great waste of time in this committee.

The Chairman: I have tried to inform hon. members what I think is relevant in regard to the debate so far. I am quite sure the hon. member for Kenora-Rainy River will do his best to limit himself within the boundaries which I have indicated.

Mr. Benidickson: Mr. Chairman, I thank you for your ruling. I did not think I was inconsistent in referring to the question of past aspersions on this tariff board when we are discussing its enlargement, but I will stop there in any event.

I do, however, have a number of other matters to raise at this time. I would like hon. members to look at the speech of the parliamentary secretary to the Minister of Finance made last Thursday. He boasted at that time that this tariff board was the creation of one of his heroes, the late Lord Bennett. I think he said that the tariff board was created in 1931 under Lord Bennett's Conservative administration. The parliamentary secretary did not tell the house that the findings of the tariff board were to be subject to ministerial approval. That provision was taken away by a Liberal administration subsequently, and that is part of the effort that is being put forward in connection with another matter, not necessarily this—

Mr. Bell (Carleton): Order.

Mr. Benidickson: —and I stop there.

Mr. Bell (Carleton): After being out of order for the last three minutes.

Mr. Benidickson: I do not think I was out of order, because I was referring to the tariff board and its history. The parliamentary secretary claimed that it was in Lord Bennett's time an exceptionally good board, and helpful to the Canadian public. Actually under Lord Bennett's regime it was subject to ministerial veto. I say it is important to remember this when we debate this matter at this time.

While it is not in order to refer to another debate, I wish to say that the tariff board has a definite relationship to our very important obligations to the general agreement on tariffs and trade which was negotiated in 1947. I ask those who may speak subsequently on behalf of the government, to tell us to what extent we are obligated under our so-called GATT agreement to maintain a tariff board, and whether in their opinion, or in the opinion of those associated with them under that agreement, as a result of legislation that has been recently proposed by Canada, a breach has been made in that agreement.

The Chairman: Order. I must say that certainly part of this discussion is entirely irrelevant to the matter under debate, and is not within the scope of the resolution which we are discussing at the present time.

Mr. Benidickson: I feel somewhat restricted but I should like to refer to article X, section 3 (b), which I have quoted in a previous debate, and which I think refers to something equivalent to a tariff board. It says that those who are associated with GATT must have what I think we are dealing with in this debate, namely something in the nature of an appeal board that is free from restriction or intimidation above the bureaucratic or administrative level. It reads:

> Each contracting party shall maintain, or institute as soon as practicable, judicial, arbitral or administrative tribunals or procedures for the purpose, *inter alia*, of the prompt review and correction of administrative action relating to customs matters.

I say that this is very important. In conclusion I simply wish to say that I am no expert in this field of tariff administration, although I have had some years of experience in parliament. It is a complex problem that has bothered all of us, but I have been persuaded by the opinion of a number of experts who tell me that if they were the minister of national revenue—

Mr. Bell (Carleton): Who are these experts?

Mr. Benidickson: —and were given the arbitrary powers that were given to the minister of national revenue by this parliament, with the massive majority he has on the other side, that in 1958, for valuation of products entering this country, and the arbitrary powers which are likely to be given to the minister again in the additional legislation of 1960-61, they would feel that any recommendations of the tariff board to the Minister of Finance with respect to a change of rates on tariff items would be a nullity. I am completely persuaded that these arbitrary powers, which are subject to no appeal, will add to that result.

Mr. Argue: Mr. Chairman, it is interesting that the government should want an increase in the number of personnel of the tariff board at this time, and should want what is quite a revolutionary amendment to allow the tariff board to sit in two panels. What I think this does in effect is to make two tariff boards, or it makes it possible for a board consisting of seven members to sit simultaneously as two panels, discuss questions before each panel and decisions to raise or lower tariffs on the basis of their decisions.

I think this is part and parcel of the government's policy, which is to increase tariffs and to make legislative provision for changing the rules so there can by an across the board general increase in tariffs, not by means of specific amendments but by inserting the little word "approximately" in the definition of goods of a class or kind.

Mr. Fleming (Eglinton): Order.

Mr. Argue: I am not out of order. The result is the government has decided that it needs to enlarge the tariff board to make it more efficient, to allow a greater number of cases to be appealed to the board and decisions to be made so they can facilitate this general Tory increase in tariffs. It is not long since the number of members of the tariff board was increased by parliament. In 1956 a bill was presented to parliament containing an amendment whereby the membership of the tariff board was increased from three to five. It is now provided under the law that three members of the board are sufficient to hear an appeal. Therefore two can take a rest while three are working. It seems to me that under this three who are working and two who are resting formula the board as it is now constituted should be sufficiently large to deal with the normal number of cases that may be appealed to it, though perhaps not large enough to deal with the very large increase in cases that will undoubtedly come before the board because of the other steps being taken by the government to allow a broader classification of goods for the purpose of bringing about higher tariffs.

I do not think a case has been made for the passage of this legislation unless one accepts the attack of the minister on the

tariff board. I take it that it is in order to refer to those portions of the budget speech having to do with this particular measure, and I would point out that in that speech the minister made it perfectly clear that in the view of the government the present tariff board has not been doing a job.

Mr. Fleming (Eglinton): Nonsense.

Mr. Argue: As a matter of fact he has accused the tariff board—

Mr. Benidickson: Of eroding the law.

Mr. Argue: —of undermining the law itself—

Mr. Fleming (Eglinton): Nonsense.

Mr. Argue: —of so undermining the law by what the minister has called erosion that it has been necessary on the one hand to amend the law and on the other hand to make provision for the tariff board to sit in two panels. The all-out attack by the minister on the tariff board, in which he accused the board of eroding the law, and the subsequent move to increase the number of members of the board and allow the board to be divided into two panels, are in my judgment evidence of a very disturbing policy. It is very disturbing that the government has embarked on the road of higher tariffs and more tariff increases.

The minister has said that such a host of applications are pending before the tariff board that the board must be divided into two panels so that cases can be heard simultaneously. When one takes this legislation in conjunction with the government's general attitude and the statement of the minister, I suggest that this is part and parcel of a Tory high tariff policy that is being implemented day by day to the great detriment of the people of this country.

Mr. Speakman: You do not believe that yourself.

Mr. Argue: Therefore we feel that this legislation is unnecessary, or that if it is necessary it is made so by these other bad policies of the government which are increasing the burden of work on the tariff board and the number of appeals that will be made. We believe that we are justified in opposing the resolution and the legislation to follow because in so doing we are opposing the government's high tariff program.

Mr. Bell (Carleton): Just plain buncombe.

Mr. Brunsden: Mr. Chairman, we have listened with a great deal of interest to the hon. member for Kenora-Rainy River and the hon. member for Assiniboia. Apparently they have lost consciousness of the fact that we are living in an expanding country. There was a time when parliament met for four months in a year, but we now meet for ten months. Our tariff problems are becoming more and more complex and more and more manifold. My office in this building is on the same floor as that of the hon. member for Assiniboia, and I say to him that his own secretariat has been increased several times in the last few years.

Mr. Argue: That is not true.

Mr. Brunsden: Oh, yes, it has.

Mr. Argue: It has been reduced.

Mr. Brunsden: Oh, tut, tut.

Mr. Argue: It has been reduced.

Mr. Benidickson: Dave Lewis and Stanley Knowles have reduced it.

Mr. Argue: Oh, no. It has been reduced by this economy-minded government.

Mr. Brunsden: Mr. Chairman, my thought is that we have a population explosion and an industrial explosion. We are in a period of great development. We are in a period of transition with respect to manufacturing and trade. I cannot conceive of any logical reason why the tariff board should not be increased by two members for the reason that it is one of the hard-pressed organizations of government. I do not mind admitting quite frankly that I have a few problems respecting manufacturing in which tariffs are involved and, without any criticism of the tariff board, may I say I have not been able to get decisions because there are so many other people ahead of me.

I welcome the idea of the board sitting in two panels. I welcome the idea of expedition of decisions, regardless of what the decision may be. When the hon. member for Assiniboia casts aspersions on the government, I say to him that he certainly is not thinking of the good of Canada.

The hon. member for Kenora-Rainy River has made a case against expansion of the tariff board, and I listened to him with a great deal of respect although I do not agree with him. I think we need an up-to-date tariff board which will render decisions as soon as possible after cases are heard, and it does seem to me that this enlargement of the board will give us that expedition.

Mr. Benidickson: Mr. Chairman, the hon. member who has just spoken, and who was not unkind to me, said that I opposed an additional tariff board panel. I never said that. I said that on December 21, after hearing the minister propose a two-panel system, I had approved of what the minister suggested. What I said was that I would regard all

tariff board activities, even under the proposed enlargement, as a nullity if appeals are denied in the way they are denied under the new 1958 legislation and as proposed in this 1960-61 legislation.

Mr. Bell (Carleton): When did the hon. member say that on December 21? Would he mind pointing it out?

Mr. Benidickson: Well—

Mr. Pickersgill: You would not ask him to refer to a previous debate.

Mr. Benidickson: Under the rules I am not allowed to indicate that, but I have been told that I did say that. If I did not say it I certainly intended to say it and would have said it except for the criticism I received on that Friday afternoon from the hon. member for Carleton, who said it was time I sat down.

Mr. Bell (Carleton): Oh, no. The member for Carleton made no such statement at any time.

Mr. Rapp: Mr. Chairman, in speaking on this resolution may I direct the attention of the committee for a moment to the reference made by the minister in his supplementary budget to oilseeds and vegetable oils. He stated that representations had been made to the government by growers of rapeseed in the west and by soybean growers in the east with regard to the tariff on these products. For this reason the minister decided that the best course would be to increase the number of members of the board from five to seven in order to facilitate study by the tariff board of the problem of edible oils and the expediting of their findings.

The minister mentioned also that a point of view concerning the appropriate rate of duty for these products had been expressed by soybean growers and by feed manufacturers. Because of the wide interchangeability of oilseeds and their products for a variety of agricultural and industrial uses, modification of the duty for some items without compensating others would be disruptive of production and trade.

The statement of the Minister of Finance, as outlined in the terms of the resolution before the committee, is most welcome and coincides with the representations of farmers and farm organizations right across this country. The rapeseed producers—

Mr. Argue: The farmers did not ask for an increase in the tariff board.

Mr. Rapp: I base my remarks on the briefs and representations that were made by these farm organizations. If the hon. member for Assiniboia will contain himself for a moment I shall put those briefs and representations on the record.

[Mr. Benidickson.]

The result of this change would be that the rapeseed producers in the west would be able to sell a little more rapeseed oil on the domestic market in competition with United States rapeseed and soybean oil coming into this country tariff free. I may remind the committee also that one pound of rapeseed replaces one pound of soybeans. As a result of this fact we were able to get a little higher price for our rapeseed meal in the west, and we were able to sell our rapeseed oil at a reduced price. The biggest single factor working against the use of this oil in Canada is the fact—

The Chairman: Order. I must tell the hon. member that I have difficulty relating his remarks to the resolution before the committee.

Mr. Rapp: The hon. member for Assiniboia advanced arguments as to why the number on the tariff board should not be increased. I think I should be given an opportunity to make my point that the number on the tariff board should be increased to coincide with requests made by farm organizations and by farmers themselves.

Mr. Pickersgill: I completely agree.

Mr. Argue: If I might say a word on the point of order, Mr. Chairman, although I do not accept the statement that has been made by the hon. member for Humboldt-Melfort or the arguments he has been putting forward, I believe his statement on the point of order is accurate. If we are dealing with an increase in the personnel of the tariff board, it should be in order to point out some of the work that may be given to this tariff board. I do not follow the argument of my hon. friend, however, to the effect that if a matter is referred to the board this will mean an increase in the tariff. I do not know that one can prejudge the work of the tariff board.

With that observation, however, I feel it is in order to make some reference to the work the tariff board may have to do.

Mr. Pickersgill: I rose at the same time as the hon. member for Assiniboia, and I was going to say almost the same thing he has said. I do feel that if there is any case to be made for spending more of the taxpayers' money on this tariff board, surely hon. members are entitled to make that case. This is all the hon. member for Humboldt-Melfort was seeking to do. He was seeking to argue that this was an important matter that should come before the tariff board, and it might not be disposed of so quickly if there were not two panels.

Mr. Benidickson: May I speak to the point of order? I do not support the argument that was advanced that the possibility of increased

membership on this board would take care of the problem about which the hon. member has been speaking. What has surprised me is the fact that he has been the only member from western Canada who has not been silent, slavish and tongue-tied with respect to tariffs.

The Chairman: I agree that the hon. member for Humboldt-Melfort should be able to make reference to some of the work that could be submitted to the tariff board, enumerating the problems that could be submitted. However, if the hon. member seeks to discuss each problem in detail, that is another matter. This was the trend of his remarks when I interrupted him.

Mr. Rapp: The minister outlined, in his supplementary budget, the reasons for increasing the membership of the tariff board from five to seven. Some of these reasons related to representations that were made by some farm organizations. I should like to put on record the fact that the Saskatchewan oil seed conference made representations in favour of certain trade practices. They have requested that a reciprocal tariff be imposed much more in line with the tariff imposed by the United States.

Mr. Argue: That is out of order, definitely out of order.

Mr. Rapp: The hon. member was not out of order when he said that the board should not be increased because high tariffs were not in the best interests of the country. I am saying this reciprocal tariff is in the best interests of western agriculture and agriculture as a whole in Canada.

Mr. Argue: Western Canada is for lower tariffs, not higher tariffs.

Mr. Martin (Essex East): The Minister of Finance proposes that there should be an increase in the personnel of the tariff board. He proposes that we should increase the personnel from five to seven. The tariff board is a very important instrument in the work of the government of this country, and we should not summarily dismiss a recommendation of this kind as the hon. member for Assiniboia did, if I may say so, in a most irresponsible manner.

Mr. Argue: What did I dismiss?

Mr. Martin (Essex East): I said that I do believe—

Mr. Argue: Mr. Chairman, on a point of order, what I said was that I had no knowledge of farm organizations asking for the two panel system.

Mr. Martin (Essex East): I do not believe my statement was an exaggeration in any way, in the light of the reply we have just received.

The point I am seeking to make is that the hon. member for Assiniboia referred to this as a proposal that should be opposed without establishing, in my judgment, a basis for his opposition. As a matter of fact he did not offer any argument at all. I believe that the Minister of Finance, however, should explain to the committee in a more precise way his reasons for feeling it is necessary to recommend an increase in the personnel of the tariff board, and to have two panels instead of one.

Mr. Benidickson: Particularly when he is cutting down on the appeals.

Mr. Martin (Essex East): Yes, particularly when the appeals are being cut down. I thought the arguments advanced by the hon. member for Kenora-Rainy River, which were held by you, Mr. Chairman, to be out of order, were valid. The Minister of Finance cannot have it both ways, particularly in the light of the position he takes in another context.

Since the tariff board was first set up in 1926 as an advisory body under the chairmanship of the late W. H. Moore, and later given more definite judicial as well as advisory functions under the late Mr. Justice Sedgewick, it has performed valuable services for Canada. The hon. member for Assiniboia should not dispose of the whole matter just so summarily. I think the Minister of Finance should deal with that argument. He should indicate what is the backlog of cases, if there is one, and I presume from what the hon. member for Humboldt-Melfort has said that this is the case. The instance that he himself mentioned as one of the reasons why the board should be increased is an argument on this point. As one who comes from the soyabean district of Canada, I can well appreciate his interest in this matter. I urge the Minister of Finance, instead of spending all his time in raising points of procedure, to deal now with the argument of the hon. member for Assiniboia—

Mr. Fleming (Eglinton): Give me a chance and I will. I am waiting to do so.

Mr. Martin (Essex East): The minister says, "Give me a chance". I am now urging him to do this. He could have pointed out in the beginning that these cases cannot be heard unless a new panel is set up. If that is the case, we ought to know about it. I do not know whether that is the case, but I presume that is the situation. I think the Minister of Finance ought to give us the

reasons which he feels are present and justify the course which he is advocating at this time, particularly in view of what he had to say in another debate about the conduct of the board.

Mr. Fleming (Eglinton): Mr. Chairman, I am glad to have now the opprtunity to deal with this subject in detail. The fact is that the proposed enlargement of the personnel of the board is very necessary, it is urgently necessary, because of the very large backlog of work now awaiting consideration by the board. At the present time that backlog consists of no fewer than eight references, and 69 appeals. The chairman of the board, in urging an enlargement of the board so that it may make some progress with this very large backlog, has informed me that according to his present estimate it would not be possible for the board to deal completely with this backlog of business within a couple of years.

It is just as true in this area of the nation's business as it is in the courts, that justice delayed is justice denied. Persons who have important matters within the scope of either appeals or references to the tariff board are entitled to have their business transacted before that board with a reasonable measure of dispatch.

The case that has been cited by the hon. member for Humboldt-Melfort-Tisdale is a case in point. The reference, No. 131, concerning oilseeds, vegetable oils and related products has been directed to the tariff board by myself, as I indicated I would do in the supplementary budget speech of December 20 last. Unless there is an enlargement of the personnel of the board, and if the board is compelled to go on as presently constituted, with only one panel, it will be a very long time before this reference can be heard.

Persons in this country who have important matters to put before the board in the course of hearings of references or appeals should have these matters dealt with as expeditiously as possible. Under present circumstances these matters are being delayed.

I think it is high time this action was taken. Far from questioning the importance of the board, the course that the government has followed enlarges the importance of the board. The course that I indicated earlier this afternoon, in accordance with my supplementary budget speech on December 20, points out the intentions of the government in regard to the review of the Customs Tariff and the modernization of many of its provisions, which by present-day standards are quite antiquated and badly need to be modernized. Undoubtedly a very large volume of work awaits the board, not simply the backlog to which I referred, but also further references and other business which will undoubtedly come before the board from time to time.

At the present time it is estimated that one reference alone will occupy the time of the board for two years. This is the major reference on the chemical items in the Customs Tariff. These hearings have already been proceeding for several months, but much remains of this major undertaking on the part of the board. As long as the board is compelled to continue sitting as only one panel, there is simply no hope of the board reducing the backlog of work; on the contrary, it is likely that the accumulation of work will increase rather than be reduced.

Therefore the resolution now before the committee is intended to bring aid and assistance to this important tariff board, to enable it to transact more expeditiously the appeals and references which it has to hear, all of them of very great importance and in every one of which all interests concerned are entitled to a reasonably expeditious hearing and transaction of their business.

Mr. Benidickson: Mr. Chairman, I am sure the minister has recognized that the official opposition has not opposed the setting up of a second panel which would perhaps review some of the tariff considerations that will be referred to it. However, the minister —as you observed, Mr. Chairman—did not deal with the point that I raised, that in consequence of the arbitrary opportunities given to the Minister of National Revenue in legislation passed in 1958, and again proposed this session—which are non-appealable to the tariff board—perhaps their activities will not be so great. The minister has not commented upon that matter.

Mr. Pugh: Mr. Chairman, may I lend my support to this resolution. I feel that parliament itself should examine the situation of the various boards it sets up. The tariff board is just one of these. We have heard from the minister and others about the tremendous backlog of work facing this tariff board. This is something that should be cleaned up right away. We must give the board the means to clear up this backlog. I would refer to the speech of the hon. member for Medicine Hat. It is not as though we in this country are always in a static condition. This is a growing country. I think he should have mentioned one thing further; that is the complexity of tariffs and our tariff dealings with other countries, which are coming more and more to the fore. Our manufactures are growing, and if we do not have the facility of a tariff board to handle these questions as they come

PRIVATE BILLS

CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS

The house in committee on Bill No. S-8, to incorporate Canadian Federation of Music Teachers' Associations—Mr. Smith (Winnipeg North)—Mr. Rea in the chair.

On clause 1—*Incorporation.*

Mr. Herridge: Mr. Chairman, would the sponsor of this bill inform the committee whether an organization similar to the one proposed in this bill is incorporated in Canada?

Mr. Smith (Winnipeg North): Not to my knowledge, Mr. Chairman. To my knowledge there is no similar organization.

Clause 1 agreed to.

On clause 2—*Objects.*

Mr. Howard: Mr. Chairman, perhaps the sponsor of the bill would answer a question in connection with clause 2. It is my understanding that this bill proposes to deal exclusively with associations and organizations of teachers of music in order to promote the efficacy of teaching and the advancement of music.

Clause 2, dealing with the objects of the bill, reads:

(a) to encourage and assist all movements designed to improve standards of musical education and the training of teachers of music, to encourage and assist in the organization of music teachers' associations in the provinces of Canada and to stimulate the acquisition of all-round musicianship—

And so on. While I do not advance the cause of James C. Petrillo of the United States federation of musicians, this clause does say:

—to encourage and assist in the organization of music teachers' associations—

I wonder whether the sponsor would say whether or not one of the functions of such an association of music teachers could, under this bill, be the regulation of relationships between the association of music teachers and the group or organization which might employ those music teachers? Is it the intention of this bill to involve these people in any way in the field which is generally classified as labour-management relations?

Mr. Smith (Winnipeg North): No, Mr. Chairman, I do not think that is at all one of the purposes envisaged by the association.

Mr. Winch: Mr. Chairman, I should like to ask the sponsor of the bill one question. As a general rule a national federation is formed as a result of separate provincial organizations which desire to get together in order to achieve national expression. Would the sponsor of the bill name the provinces which at the present time have an organization of music teachers? Also, would the hon. member say whether they are part and parcel of a group, in all provinces where they are organized, sponsoring the formation of this federation?

Mr. Smith (Winnipeg North): Mr. Chairman, my understanding is that these associations now exist in the various provinces of Canada and that this bill, as the hon. member has pointed out, is to bring the various provincial associations together as a federal organization.

Mr. Winch: Do I understand that there are no provincial associations of music teachers west of Ontario, because I notice that there is no mention of any in this bill.

Mr. Smith (Winnipeg North): I believe there are some west of Ontario, but I am not sure of that.

Mr. Herridge: Mr. Chairman, in the objects of the federation as set out in clause 2, there is included:

—and to stimulate the acquisition of all-round musicianship—

That is a rather ugly use of the English language. Would the sponsor of the bill inform the committee the name of the gentleman of the legal profession who drafted this bill? That is a very unusual term.

Mr. Smith (Winnipeg North): I am not quite sure who drafted it. Counsel on the bill was a very renowned gentleman in the city of Ottawa, Mr. E. H. Coleman, who I know has had a very distinguished career as a lawyer, and in years gone by as an official of government. He headed one of the best law schools in Canada, the Manitoba law school.

Mr. Winch: Mr. Chairman, could I also ask the sponsor what is the intent behind paragraph (c) of clause 2, which deals with the promotion and extension of music credits in the schools and universities of Canada?

A school curriculum is completely within the jurisdiction of the provincial legislature. To the best of my knowledge nearly all provinces have school credits under the curriculum of the province. Is this an interference with the jurisdiction of the provinces with regard to the curriculum of schools and the ratio of credits in all their forms of study?

Mr. Smith (Winnipeg North): I do not believe that could be construed from the wording of paragraph (c), which is:

—to promote the extension of music credits in the schools and universities of Canada;

Of course, everyone realizes that the curriculum comes under provincial jurisdiction.

However, there is nothing to prevent anyone promoting credits in addition to those that now exist, or from promoting credits that do not in fact exist. Because one is promoting credits, this does not necessarily mean one is forcing the legislature to include them. Promoting the extension of music credits does not, I think, in any way interfere with provincial jurisdiction.

Mr. Herridge: Mr. Chairman, paragraph (d) reads:

—to promote and maintain the status of professional music teachers in the community.

Would the hon. member mind explaining to the committee just how this federation intends to promote and maintain the status of professional music teachers in the community. How would it proceed?

Mr. Smith (Winnipeg North): I should imagine it would proceed possibly along the same line as some other associations which promote and maintain the status of members of parliament in the community.

I should think that a music teacher in a community is a very highly respected person, and because of the contribution he is making to culture and the arts it would be desirable that his status in the community should be such as to attract people and students to participate in various aspects of music in order to promote culture in the country.

Mr. Herridge: I am rather interested in that explanation because it almost implies that the promotion would be along the same line of activity as is carried on by a political association, which is usually organized to elect a member of parliament and not to maintain a professional status.

Have any standards been established in this desire to promote and maintain the status of professional music teachers in the community? Have any definite standards been established to which they work or aspire?

Mr. Smith (Winnipeg North): I am not aware that there are any set standards, but I would assume that each individual teacher, or each association of teachers would have its own standards. I am quite certain that they would be very high standards. If the hon. member is worried about those standards, I can assure him that the persons I have met who are interested in this matter certainly have the highest standards. I am quite sure the hon. member has nothing to worry about in this regard.

Mr. Herridge: Then I am correct in understanding that the hon. member means they will promote the highest professional standards as far as music teachers are concerned?

[Mr. Smith (Winnipeg North).]

Mr. Smith (Winnipeg North): Yes, I would assume that is so.

The Deputy Chairman: Shall clause 2 carry?

Clause 2 agreed to.

On clause 3—*Membership.*

Mr. Winch: Clause 3 deals with membership, and it is interesting to note that the wording is as follows:

The membership in the federation shall comprise the members of the association and all others who are from time to time admitted to membership under the provisions of the by-laws or rules of the federation.

I am not now implying that this consideration was in the mind of the hon. member who sponsored this bill or those who drafted it. In the past over the years we have seen the introduction of legislation of this type which on the surface seems to be excellent and to have the highest motives. Then as time went by and amendments were brought in and regulations were brought down, it was found that it was used not only on a restrictive basis with regard to membership but also with regard to licensing. Can the hon. member tell us whether he has any indication of the rules and regulations that will be promulgated under clause 3 and whether there is any intention whatsoever that the power of the association with regard to the restriction of membership or otherwise will be used in any way so that music teachers will be compelled to belong to the federation or be licensed by it in order to practice their profession?

Mr. Smith (Winnipeg North): I have no information as to the rules which are now in existence or which may be in existence in the future. I have no information whatsoever on that matter.

Clause agreed to.

Clause 4 agreed to.

On clause 5—*By-laws and regulations.*

Mr. Herridge: This is a rather interesting clause. It has to do with by-laws and regulations. I refer to paragraph (c). I should have said that it is an interesting paragraph. It reads as follows:

(c) the time and place for holding general or special meetings of the federation and the notice and other requirements thereof, provided that general meetings shall be held only once in every two years unless the federation decides that they shall be held more frequently;

Can the hon. member inform us as to the reason for the rather unusual provision that general meetings shall be held only once in every two years? That is a rather unusual provision in by-laws.

Mr. Smith (Winnipeg North): I would presume that the reason for that provision is the distance that a great many people attending the meetings would have to travel. It was probably also felt that the amount of business to be done at a general meeting would be of such a nature that a meeting every two years would be all that would be required. A saving clause, of course, is there, namely that they may meet more frequently if the federation so decides. I would presume the reason for the provision, or possibly one factor in connection with it, would be the distance various people attending would have to travel.

Mr. Herridge: The hon. member mentioned the fact that this saving clause is here:

—unless the federation decides that they shall be held more frequently.

Does that mean the membership, the executive or the heads of the provincial section? What is meant by the words "unless the federation decides"? Who makes that decision?

Mr. Smith (Winnipeg North): I admit that the term is somewhat ambiguous but I would presume that the interpretation would be that the members of the federation would decide or possibly a substantial number of them; because without members the federation, of course, cannot exist. Although, as the hon. member indicates, the wording is slightly ambiguous, I would presume that it means the membership of the federation.

Clause agreed to.

On clause 6—*Additional powers.*

Mr. Howard: With respect to clause 6 I have only a general query, noting that these are what you might call special or additional powers, as I take it, requiring the consent of 75 per centum of the members present at a general or special meeting, in order to purchase land, borrow money and to do the other things listed thereunder. I wonder why there is the provision with regard to 75 per centum of the members present. Is this a normal percentage to have in organizations of this sort; is this provision at variance with what we normally believe to be the majority decision of members; or is there any particular reason why 75 per centum is listed as the differential number having regard to the members present?

Mr. Smith (Winnipeg North): I think that the clause is quite normal. There are a great many associations that require the consent of 60 per cent of the members present in order to transact certain business, to amend the constitution and so on. I do not think that provision is contrary to any established practice. Indeed, I think it is the established practice, for certain decisions that any association makes, to require the consent of a certain percentage of the persons present in order to make those decisions.

Clause agreed to.

Clause 7 agreed to.

On clause 8—*Constitution, by-laws, etc. of association to continue until amended or repealed.*

Mr. Herridge: Clause 8 reads as follows:

The existing constitution, by-laws and rules of the association, in so far as they are not contrary to law or to the provisions of this act, shall be the constitution, by-laws and rules of the federation until amended or repealed at a general meeting of the federation.

My question is this. Has the sponsoring member a copy of the constitution, a copy of the by-laws or a copy of the rules? If so, will he read them to the committee?

Mr. Smith (Winnipeg North): I have not a copy of them with me but I should be glad to obtain them and forward them to the hon. member as soon as possible.

Mr. Herridge: That is rather unusual, Mr. Chairman. We are being asked to pass a bill covering a certain constitution and certain by-laws and rules without the proposed legislation coming before the House of Commons. With regard to the bill respecting the incorporation of the Legion, copies of the constitution were provided. It seems to me that we are passing a bill here without having full knowledge of what is contained or implied in clause 8. Has the hon. member sponsoring the bill any knowledge of the constitution, the by-laws or the rules or has he read them? If so, can he assure the committee that in his opinion they are appropriate in relation to this bill?

Mr. Smith (Winnipeg North): I should be glad to give that assurance, Mr. Chairman.

Clause agreed to.

On clause 9—*First general meeting.*

Mr. Herridge: This is another rather unusual clause, Mr. Chairman. It reads as follows:

The first general meeting of the federation shall be held within eighteen months from the time this act comes into force at such time and place as the present executive committee of the association may determine.

Here we are incorporating a formerly unincorporated association. This clause provides that the first meeting need not be held for 18 months. Can the sponsoring hon. member indicate why there is this unusual delay in calling the first meeting?

Mr. Smith (Winnipeg North): I do not think there is any delay, Mr. Chairman. The clause provides that the meeting must be held within 18 months. Eighteen months is the maximum. I think the hon. member might possibly be misinterpreting the clause. It does not say that the meeting will be held 18 months from now. It says that it must be held within 18 months. A previous provision in the bill states that the annual meeting need be held only every two years. This is a maximum limit of 18 months. It must be held within that time. I daresay it will possibly be held much sooner than 18 months. However, 18 months is the limit.

Mr. Howard: While it is quite true that the first annual meeting or the first general meeting could be held next week if this act is proclaimed to be in force by that time, or it could be held the day after the act comes into force or it could be held 18 months afterwards, this is the thought I had in mind. Why have the maximum of 18 months? Why not have a shorter maximum in order that the association may get under way and in order that the executive will be placed in a position of having to call the first general meeting within a relatively short period of time rather than within the 18 months?

It was my thought that such a first general meeting would be held as soon as possible. Surely one is entitled to come to this conclusion because the federation is being established and there has been undoubtedly a great deal of preparatory work involved in the promoting and fostering of this measure. I would think that the 18-month period is too long. I wonder if there is some particular reason for a period of 18 months rather than a period of six months in this regard.

Mr. Smith (Simcoe North): I believe there was an explanation given in the committee in regard to the meetings of the directors coinciding with a biennial convention to be held within the next 18 months.

Clause 9 agreed to.

On clause 10—*Federation vested with rights and assumes obligations of association.*

Mr. Herridge: The corporation created by this act is vested with all the rights and assumes all the obligations of the association. Could the sponsor inform us what the rights and obligations of this association are?

Mr. Smith (Winnipeg North): Mr. Chairman, my recollection is that there was no similar inquiry made in the committee and I was unavoidably absent at that time. My information is that this clause was explained to the satisfaction of the members of that committee.

[Mr. Herridge.]

Mr. Herridge: Perhaps the hon. member would explain the rights and obligations of this organization in general because perhaps some of us do not know what they are.

Mr. Smith (Simcoe North): I understand that the obligations refer to the debts of the present unincorporated body and that the rights would refer to the right to collect moneys and fees presently owing to the body.

Mr. Herridge: Am I to understand from what the assistant sponsor has said—he was a member of that committee and I appreciate his helpfulness—that this clause is related to rights in respect of the assets and liabilities and not in respect of other wider rights?

Mr. Smith (Simcoe North): That is my understanding.

Clause 10 agreed to.

Clause 11 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

QUEEN'S UNIVERSITY AT KINGSTON

The house in committee on Bill No. S-7, respecting Queen's University at Kingston—Mr. Macdonnell—Mr. Rea in the chair.

On clause 1.

Mr. Herridge: Mr. Chairman, this is a rather intriguing bill from an historical point of view. Am I to judge from the answers to questions made by the sponsor when the bill was given second reading that the sponsor gave a rather detailed account of the reasons for this rather unusual bill so far as the powers of the university are concerned when the bill was considered by the committee?

Mr. Macdonnell: Yes. The counsel for the university stated those reasons at some length. He referred to a statement made by the dean of the law faculty at the university who explained that this particular measure had reference to questions of administrative organization and was therefore not transgressing the rule that education is a matter for the provincial government to deal with. This is a matter of administration which goes back to the original act of 1882 now being amended. I was sorry to find that there is apparently no record of any debate at the time of the passing of the original act in 1882. The information regarding the matter of administration was apparently given and accepted in 1882 at the time that the statute was passed.

Mr. Herridge: Mr. Chairman, I would like to ask the sponsor whether he has any vested or personal interest in this bill as a result of being a former student at the university in question?

Mr. Macdonnell: I have a personal but not vested interest, if I understand correctly the meaning of those words. I certainly have a personal interest in regard to the passage of this bill because I think it would be of help to the present administration of the university. I point out this is not a mandatory matter but a permissive one. We all believe in flexibility and I would suggest that the passage of this bill will lead to flexibility in the position of the trustees in regard to their action from time to time.

Mr. Herridge: Would the sponsor agree that I was correct in suggesting a vested interest if I explained that the vested interest was as a result of the contribution this university has made to Canada generally?

Mr. Macdonnell: Yes, I imagine that would be right. From my point of view the university has made a great contribution. I would repeat the old saying, "it pleases he and it don't hurt I." I do not think this change does anyone harm but will do a lot of good.

Mr. Pickersgill: Mr. Chairman, I raised certain questions on second reading but regret to say that I was not able to attend at the meetings of the committee to hear the answers. I did notice in reading the bill and also from what the hon. gentleman has said that this legislation was passed in 1882. It occurred to me as a historian that in 1882 Sir John A. Macdonald was prime minister of this country and that the Tories at that time believed in a unitary state and centralized form of government which perhaps explains why the legislation was passed without question by the parliament at that time. I have heard that some Tories in different parts of this country take a rather different view today. I wondered if the hon. member had sought to advise his colleague, the hon. member for Roberval, in regard to this bill before its presentation or if the hon. member for Roberval had taken any interest in regard to it at any stage of the proceedings?

Mr. Macdonnell: As far as I am concerned the answer is in the negative. I am sure that any opinion from the hon. member would be of great interest.

Clause agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

THE CANADIAN GENERAL COUNCIL OF THE BOY SCOUTS ASSOCIATION

The house in committee on Bill No. S-11, respecting the Canadian General Council of the Boy Scouts Association—Mr. Fleming (Okanagan-Revelstoke)—Mr. Rea in the chair.

On clause 1—*Change of name.*

The Deputy Chairman: Shall clause 1 carry?

Mr. Godin: Perhaps the hon. member sponsoring this bill could enlighten the committee on why in the petition a request is made to adopt the English name for the association as well as the French name. I believe the sponsor of the bill is aware that certain difficulties may arise from this. I should like him to enumerate the problems envisaged that are solved in the sense that the various associations interested in this one movement are satisfied that there may be a charter available for those who have developed a Catholic section of the scouts du Canada and therefore the request before the committee is for the adoption of those two names. It is possible that in the eyes of many hon. members this legislation takes away the privilege of that association in obtaining a charter for a similar purpose?

Mr. Fleming (Okanagan-Revelstoke): I do not believe there is a conflict here, Mr. Chairman. The Canadian Boy Scouts Association has within its membership a very large number of French-speaking boy scouts. The federation in the province of Quebec is affiliated with this association and works in conjunction with it at other points, and consequently, since there is a large number of French speaking Catholic boy scouts and other French speaking members who are affiliated with the boy scouts association it seemed logical that the two languages should be designated in respect of the name of the association, as it will be used in either language in Canada. As for any possible future event that may occur, I do not see that the designation of the French name of the association creates any possibility of conflict, at least in the way suggested by the hon. member.

(Translation):

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, the hon. member might perhaps explain why the French translation is not identical, or at least why we have not here a literal translation of Boy Scouts of Canada, as, in this request, there is only the mention Scouts du Canada, though, literally, it should be Garçons scouts du Canada.

Moreover, the hon. member might explain why, under the circumstances, a French label is suggested which is not necessarily a translation of the English designation.

(Text):

Mr. Fleming (Okanagan-Revelstoke): Because, Mr. Chairman, where the phrase is used in French throughout the world and

where the phrase "fédérations des scouts catholiques de la province de Québec" is used the phrase "boy scouts" is not used. At the present time in the province of Quebec where there is a French-speaking federation affiliated with the boy scouts association the word "boy" or "garçon" is not included. It is not used wherever boy scouts exist in the French-speaking world. I believe this is correct and is the explanation.

Mr. Herridge: Mr. Chairman, in the explanatory note to this bill I find the following:

> The present name, the Canadian General Council of the Boy Scouts Association, was established when this association was, in effect, a branch of the boy scouts association incorporated by royal charter in London, England, on January 4, 1912. Since that time the Canadian association has become an independent member of the international boy scout conference.

Then, it goes on to give reasons for changing the name. The question I wish to ask the sponsor of this bill is, how has this association functioned since the time it became an independent member of the international boy scout conference? How did it operate legally? Was it incorporated on a national basis, and were its reports made under its act to the appropriate federal official, or was it incorporated under provincial legislation and the reports made to the provincial officials? If the hon. member's research into the bill is sufficient, I would like him to explain to the committee how the organization operates in Canada in relation to the provinces and the federal government under a royal charter granted in Great Britain in 1912?

Mr. Fleming (Okanagan-Revelstoke): Since that time the boy scouts association of Canada was incorporated in Canada under an act of this parliament, an act which happened to be amended last year and is now before the committee. My recollection is not absolutely certain on this matter, but I think the original act was passed by parliament in 1924. In any event, for a good many years the boy scouts association has operated under the terms laid down by an act of this parliament.

Mr. Herridge: That was my point. I was just interested in it. I am not suggesting the hon. member has all the information at his fingertips. How did it operate legally as an independent body and a member of the international boy scouts association prior to incorporation by an act of this parliament?

Mr. Fleming (Okanagan-Revelstoke): The international boy scout conference as a formalized organization is relatively new. Probably when the original change was made at that time the international conference was not contemplated. In becoming a member of the conference probably the Canadian association never considered that no change of name might lead to a misunderstanding as to its independent status; but now it is felt that it would be desirable to identify the organization as distinctively Canadian and wholly responsible to a Canadian association rather than any association outside the country. It was to clarify that point that this suggested change was made.

Mr. Howard: I wonder whether I am correct in assuming this. Perhaps this is somewhat of an answer to the query posed by my hon. friend from Kootenay West. On the left-hand side of the bill before us, right opposite the preamble, there are some notations listed, and I give one of them, namely 1914, chapter 130. I wonder whether this would not be the reference to the initial statute that established the Canadian general council of the boy scouts association as an independent member and as a distinct entity, one operating under the royal charter rather than under the legislation which was passed in 1924, which I believe was the date given by the hon. member. The year 1917 and chapter 73 would indicate to me that that was the year when the amendment of the initial 1914 statute was made. This is the year when it was initially established by virtue of a private bill, I assume.

Mr. Fleming (Okanagan-Revelstoke): It could very well be.

Mr. Godin: Possibly the hon. member could satisfy the committee that complete understanding exists between the federation, which I understand is not necessarily affiliated with the Canadian general council of the boy scouts association, and the boy scouts association. I understand there is a letter of understanding between them to the effect that the federation operates according to its own regulations in the province of Quebec and those other parishes where there are groups of Catholic youngsters who have similar objects and follow the rules generally except as those rules are amended in accordance with the religious training of the youngsters. In the event that Les Scouts Catholiques du Canada would like to obtain a charter, can the hon. member assure us that there would be absolutely no objection on the part of this organization which now wants to be known simply by the name Boy Scouts of Canada? Can he assure the committee that this association will have no objection to a charter being granted to another group with similar ambitions such as Les Scouts du Canada.

Mr. Fleming (Okanagan-Revelstoke): I regret that the hon. member was not in the committee the other day when the chief executive commissioner for Canada was present. He is the man to whom this question perhaps should have been directed. However, I do know from my own experience over a good many years that there has been the closest co-operation between the federation and the Canadian Boy Scouts Association, that they maintain continuous consultation on all matters affecting both English-speaking and French-speaking boy scouts, and that both organizations recognize allegiance to the chief scout of Canada. Consequently, I think it is safe to assume that this very close co-operation and harmony will be maintained.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the said bill be read the third time? Now?

Some hon. Members: Now.

Mr. Fleming (Okanagan-Revelstoke) moved the third reading of the bill.

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

JEAN GEORGE LIPSMAN

On the order:

Second reading of Bill No. SD-1, for the relief of Jean George Lipsman.—Mr. McCleave.

Mr. Speaker: In the absence of the sponsor of these divorce bills, shall they stand?

Mr. Mandziuk: Mr. Speaker, I request that all divorce bills on today's order paper stand.

Mr. Speaker: Order No. 4 covers divorce bills SD-1 to SD-53. Orders Nos. 5 to 26 cover bills SD-54 to SD-75. Shall these bills stand?

Mr. Howard: Without consolidation.

Mr. Speaker: Without consolidation. Perhaps the house would concur in taking all the divorce bills together even though it means taking them out of order. The purpose is not to consolidate them but so as to deal with them all at this time because I understand the request is being made that all divorce bills stand. Is that agreed?

Some hon. Members: Agreed.

CANADIAN PIONEER INSURANCE COMPANY

Mr. Lucien Cardin (Richelieu-Vercheres) moved the second reading of Bill No. S-10, to incorporate Canadian Pioneer Insurance Company.

He said: Mr. Speaker, there is very little I can usefully say in further explanation of the bill. It is a clear-cut bill in complete conformity with the regulations and the legislation covering the incorporation of insurance companies. What is being sought in the bill is the incorporation of a fire and casualty insurance company which is to be known by the name of Canadian Pioneer Insurance Company and, in French, La Compagnie d'Assurance Pionnier Canadien.

The required procedure of publication in newspapers has been followed and the Department of the Secretary of State has approved of the name of this particular company. Perhaps it might be useful for the house to know that the incorporation of this company does not mean an increase in the number of fire and casualty insurance companies in Canada. As a matter of fact, it merely replaces a company that existed previously, the London and Provincial Marine Insurance Company, which ceased operation as of last December. The sponsor and financial backer of the Canadian Pioneer Insurance Company is the Yorkshire Insurance Company of London, and the London and Provincial Marine Insurance Company was a subsidiary of Yorkshire of London.

As hon. members know, the Yorkshire Insurance Company of London has been established in Canada since 1907 and has operated since that time. In December Yorkshire withdrew the London and Provincial Marine Insurance Company from operation and has assumed all of its payments and in its place is sponsoring the Canadian Pioneer Insurance Company.

The capital stock of the company will be $2 million divided into shares of $100 each. Before the company can commence operations the capital stock subscribed and paid for will have to be approximately $620,000. In the bill there are also some special insurance clauses and for the company to commence operations under those provisions a further amount of money will have to be paid with the result that the company will be able to commence full operations only when at least $1 million in stock has been subscribed and paid for.

I have been informed that when the Canadian Pioneer Insurance Company is completely organized and fully operating it is the intention to allow Canadian participation in the company. The bill has been submitted to the other place and to a committee of the other place. It has also been studied and approved by the superintendent of insurance.

Inasmuch as the bill is not necessarily a controversial one, I hope that the house will permit it to go to the banking and commerce committee without delay.

Mr. Howard: I wonder whether the hon. member would permit a question before he technically resumes his seat. I understood him to say it was the intention of the company to allow Canadian participation in the ownership of the company. Could he explain what he meant by the word "allow" or in what way this will take place?

Mr. Cardin: Mr. Chairman, rather than allow Canadian participation I understand that the company would encourage Canadian participation to take place both financially and in the administration of the company.

Mr. Howard: I should like to ask one more question. I have reference to one of the clauses of the bill and I will not refer to it in detail. Under clause 8 it is provided that the Canadian and British Insurance Companies Act shall apply to this company. I wonder if the hon. gentleman could explain what this Canadian and British Insurance Companies Act is, and what would be the relationship between that act and this company once it has been established?

Mr. Cardin: I do not know that I can go into all the details concerning what is included in the Canadian and British Insurance Companies Act. What is meant by this particular clause of this bill is that once the company is incorporated it will be subject to the provisions of that particular act.

Mr. Howard: Is that a public act, the Canadian and British Insurance Companies Act?

Mr. Cardin: Yes.

Mr. Howard: Oh, fine.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

CANADIAN PACIFIC RAILWAY COMPANY

Mr. J. S. Speakman (Wetaskiwin) moved the second reading of Bill No. S-13, respecting Canadian Pacific Railway Company.

He said: After waiting some considerable length of time, I finally have the opportunity of moving second reading of this bill. I am afraid my time is going to be rather restricted. I had hoped to go into some of the historical background of the district in which this spur line would be constructed. However, I should like to say that during the construction period of this 8.5 miles of spur line, which will provide a service to a new gas extraction plant, employment will be provided for about 20 to 25 men in grade construction for a period of about two months. Employment will be provided for 60 to 70 men in the actual laying of the ballast and the rails for another period of a month and a half. For a period of approximately three and a half months, therefore, employment will be provided for something in the order of 60 men.

As I have said, this new spur line will service a new gas extraction plant of the British American Oil Company at a place called Rimbey, where gas will be produced for the trans-Canada pipe line. There will be 326 million cubic feet of raw gas daily going into the pipe line. In addition to this, Mr. Speaker, there will be 68,000 gallons of propane; 98,000 gallons of butane; 325,000 gallons of pentanes plus and 233 long tons of elemental sulphur. This will result in a considerable amount of traffic. The propane will result in approximately 10 carloads per day, the butane approximately 17 carloads per day, the pentanes plus approximately 50 carloads per day and the sulphur about 5 carloads per day.

The movement of these products will provide employment for two railway men daily at the plant and will call for the addition of three train crews in the division in which the spur line will operate. If one considers there are about four men to a crew, one can see that the increase will cover about 12 men. In addition, a section crew of four men will be needed. During the construction period, therefore, an average of 60 men will be employed for about three and a half months and permanent employment will be provided for something in the neighbourhood of 25 years for about 18 men.

I would ask the house to give second reading to the bill as quickly as possible so that it could go to a committee and be reported back to the house without delay. This matter is of considerable importance to the district I represent, to the oil industry and the economy of Alberta as well as to the economy of Canada generally when we consider that the export of this amount of natural gas will do a great deal in helping to correct our imbalance of trade with our neighbour to the south.

Mr. Frank Howard (Skeena): I want to ask one question of the hon. member, but I was a bit slow in getting to my feet. However, the hon. gentleman has the privilege of speaking again to close the debate, so perhaps he could take advantage of that opportunity to answer this question I have in mind. The debate will be concluded before six o'clock because there is not a great deal of controversy about this matter.

up, I suggest we are derelict in our duty. I think we should do something about it.

The remarks made by some hon. members are typical, but I cannot help but go back to what the hon. member for Humboldt-Melfort said in regard to rapeseed oil and his long fight to have this reference brought forward. Naturally, he wants to have this matter brought to a head. He wants to see it given consideration, and this reference should be dealt with as quickly as possible after his long fight for it.

Certain references were made by the hon. member for Assiniboia which left me a little cold. I would remind the hon. member about this. He talks about the Tory party and high tariffs and he says this will mean a general increase and high tariffs across the board. I would remind the hon. member that the last three budgets produced a total of 392 changes, 203 of which were more or less formal changes of an administrative nature, and only 65 increases were put into effect. Also, there were 124 reductions.

In the light of these figures it is perfectly stupid to say that the Tory party wants high tariffs. We do not. We are out to give a little protection to industry and growers—

Mr. Argue: Tell that to the farmers out in the west.

Mr. Benidickson: Just a little the government says.

Mr. Pugh: When you talk about the western farmers not wanting protection, do not tell that to the people in the Okanagan who are fruit growers, because they will not believe you. They will run you out if you say that.

Mr. Chairman, I have said all I wished to say. I have given my views on this matter, and I definitely support the resolution.

Mr. Benidickson: You said it, just a little.

Mr. Pickersgill: Mr. Chairman, I was surprised that the Minister of Finance, after raising points of order in the debate, should himself have transgressed the rule of the house by anticipating the conclusion of a debate on the bill introduced to this house by the hon. member for Humboldt-Melfort. That bill would have the effect, of course—

Mr. Fleming (Eglinton): I did not refer to any bill.

Mr. Pickersgill: —of adding to the name of his constituency. But the bill has not yet passed the house and the historic name of Tisdale has not yet been added to that constituency.

I just draw Your Honour's attention to the fact that the Minister of Finance has broken one of the well known rules of the house, namely the one to the effect that you must not anticipate another debate on a motion that is before the house. Having made that important and pedantic point I intend to address myself to the resolution. However, I just thought that I should first point out that even Homer nods.

I think the minister, in his reply to my friend the hon. member for Essex East made a quite compelling argument for adding an additional panel to the tariff board. There is no doubt that if that number of cases is outstanding—and I do not question for one second the statistics given by the minister—or if that number of references and appeals is outstanding, it is important and urgent that this business should be dealt with as expeditiously as possible consistent with the efficiency of the operation. But that is no quarrel on that between the government and the opposition at all. Indeed, I imagine that there would have been little discussion on the part of the opposition with regard to this resolution we are now considering had it not been for the reflections which, in other circumstances, have been cast upon the existing board and upon its conduct in the last ten years by the minister who himself is now introducing this resolution.

It is hard to feel that the government can be entirely happy about asking us to increase the size of a board which the government has found to be so inefficient and so disregardful of the will of parliament. That is the only question that arises in our minds; and it does not really arise very seriously in our minds because we on this side of the chamber do not believe that the tariff board has disregarded the will of parliament at all. We believe that the tariff board has followed the will of parliament as faithfully as a conscientious man like Mr. Hector McKinnon can do so.

Mr. Benidickson: You are absolutely right.

Mr. Pickersgill: In our view, there is no question about that matter. That is not to say that some of their decisions may not have been wrong. They are mortal; they are human; and probably some of their decisions were wrong. However, we believe that they have consciously and conscientiously tried to carry out the will of parliament. If we could be quite sure that men of the calibre of Mr. Hector McKinnon, Mr. Buchanan and some of the other distinguished people who have served and are now serving on the board were going to be appointed, there would be no question in our minds about supporting this resolution enthusiastically. On balance, I think we have no choice but to support it in any event because so long as we are going to have tariffs—and I do not think there is anyone who does not think we are going to

have tariffs in this country for a long time to come—it is of great importance that the tariff law should be administered fairly and, as the minister has said, as expeditiously as possible. About that matter I think there cannot be any difference of opinion.

Mr. Bell (Carleton): That is all this resolution is.

Mr. Pickersgill: The hon. member for Carleton says that is all it is or all that the resolution does. I say that we would be a great deal happier if this resolution was really designed without *arrière-pensée,* without equivocation, to carry out what the minister said was one of the objectives of expanding the board in his baby budget speech of December 20; I want to quote one sentence from that speech. As reported at page 1013 of *Hansard* the minister stated:

> At the same time we consider it important to provide for careful investigation and public hearings before major tariff revisions are introduced.

We agree wholeheartedly with that view on this side of the chamber. But the thing we cannot understand is why the government is increasing the membership of the tariff board and establishing two panels and at the same time trying to limit and restrict its jurisdiction.

Mr. Benidickson: And while reducing public hearings.

Mr. Pickersgill: That is the thing we cannot understand. We cannot understand this shocking inconsistency. That is where all our difficulty lies. Of course, I may say that the hon. member for Okanagan Boundary may be impressed by the fact that 20 horses equal 20 mice, but we are not impressed. To say that so many increases were made in the tariff and so many decreases were made and that consequently that fact proves that the government is low tariff or high tariff is simply nonsense. As everyone knows, you may increase the tariff on an item with a huge volume of importation and you may decrease it on an item that is never imported at all. To call that equal is, as I say, the kind of arithmetic that we think—

Mr. Pugh: I rise on a point of order.

Mr. Pickersgill: —unfortunately too often characterizes the performance of the Minister of Finance.

The Chairman: Is the hon. member for Okanagan Boundary rising on a point of order?

Mr. Pugh: Yes, Mr. Chairman, with regard to the references to the number made by the hon. member for Bonavista-Twillingate, the last reference to the increase in volume et cetera; my remarks were strictly for the hon. member for Assiniboia who said that this was another Tory attempt to increase tariffs across the board. The figures that I submitted merely showed that there was a change. What the form was, I do not know, and I do not think it enters into the question at all.

Mr. Pickersgill: Although there was no point of order involved, Mr. Chairman—

Mr. Pugh: I think the chairman will decide that matter.

Mr. Pickersgill: I was going to say, Mr. Chairman, that while there was no point of order involved, I was happy to allow the hon. gentleman to interrupt me in order to make his clarification. I must say that it is a clarification that I would expect the hon. gentleman to make because I think he is the kind of member who can add two and two and get four. My point is this.

Mr. Argue: You do not agree with him.

Mr. Pickersgill: No; I do not agree with the minister in using the illustration in the first place.

Mr. Argue: You do not agree with the hon. member that tariffs have gone down.

Mr. Pickersgill: I try to be fair to all hon. members.

Mr. Argue: He said so.

The Chairman: Order.

Mr. Pickersgill: Perhaps the hon. member for Assiniboia would not mind replying to me when I have finished instead of interrupting every sentence halfway through.

Mr. Argue: The hon. member for Bonavista-Twillingate is the greatest interrupter in parliament.

The Chairman: Order.

Mr. Pickersgill: As a matter of fact, I will not attempt to compete with the hon. member for Assiniboia in this or in any other field. I may say that I have not perhaps the same compulsions on me at the present time as has the hon. gentleman and I am prepared to make due allowance.

Mr. Bell (Carleton): May we be sure of that?

Mr. Pickersgill: The hon. gentleman can be quite sure. No one has ever accused me of the lack of candour. However, I want to get back to the minister's arithmetic since the subject has been introduced by the hon. member for Okanagan Boundary. I want to get back to that matter. I am afraid the minister's illustration with regard to so many

items in the tariff being increased and so many being decreased is rather characteristic of the way in which the minister does arithmetic with the public accounts and with everything else, as the provincial governments have recently had reason to find out. That was not in this chamber, so that the allusion to it by way of analogy will, as Your Honour realizes, be completely in order.

But to come back again to the resolution itself, may I say this. Before this resolution passes—as I think it will and should pass—I think the minister should answer the question that was put to him by my friend the hon. member for Kenora-Rainy River. The minister was asked to give some estimate of the amount of the volume of work of which the board is to be relieved as a result of certain changes, if they are made, that are now in contemplation. This is a directly relevant factor. The minister said there had been a welter of appeals. The Minister of National Revenue said there were very few of them.

Mr. Benidickson: In the past.

Mr. Pickersgill: Yes, in the past. I am talking about history. I am not talking in the least about what is going to happen in the future. I am asking a question merely about what is going to happen in the future because the need for this extra panel will be to some degree determined by whether or not the other legislation is going to reduce the work load, if I may use a horrible phrase, of the tariff board. However, sir, I think we should have a serious estimate of the amount of work of which the board will be relieved.

I have one other question I would like to propose to the Minister of Finance. I think this is a proper question, sir, in view of one or two analogies to which I intend to make reference. I would like to know whether the government has any competent people in mind who will be appointed quickly to this board once parliament has passed this legislation. I am not referring to a kind or class of person but to competent individuals in themselves. I do hope that we will not be kept waiting three months as we were in regard to the appointment of members to the productivity council before the government makes its appointments which, as the minister quite properly said, are very necessary and urgent.

Mr. Benidickson: Mr. Chairman, I am rather interested in the last few remarks of the member for Bonavista-Twillingate when he asked when these people were going to be appointed and who they are likely to be. I am interested in knowing if they will likely be appointed under civil service procedure or by the minister himself. We are asked legislatively to make provision for the appointment of additional members to the tariff board. We know that we will be asked at another stage to enlarge the directorate of the Canadian National Railways. We know to date that this government has appointed two treasurers of the Tory party and a defeated candidate to the directorate of the Canadian National Railways. Will this same type of judgment be exercised in connection with appointments to the tariff board? I feel that the Minister of Finance should answer some of these questions.

The Chairman: I would advise the hon. members for Assiniboia and Bonavista-Twillingate that if they wish to pursue a conversation they should do so elsewhere.

Mr. Macdonnell: I would like to suggest that one chairman is sufficient to carry on with and that the other chairmen who have been so busy this afternoon should limit their activities.

I would like to comment on the fact that the opposition must by now have exhausted itself in raising various matters of various degrees of irrelevancy.

Mr. Argue: Who is the chairman now?

Mr. Macdonnell: I am addressing myself to the chairman. I want to say that I understood the hon. member for Assiniboia to refer to the addition of an extra panel resulting in two panels busily grinding out higher tariffs. That is the impression I got from his remarks. One must assume therefore that the tariff board has been doing that in the past. Perhaps that is an unfair impression but I do not know why the hon. member for Assiniboia should suppose that the tariff board is going to change its whole character, which it would have to do to accomplish what he suggests. I would suggest there is nothing in the past history of the tariff board to suggest that it has been grinding out higher tariffs. I have not made a mathematical calculation in respect of that matter, but I understand that the tariff board has been a very judgmatical board in its actions. It has been doing anything but creating higher tariffs.

Mr. Argue: Mr. Chairman, I am disturbed by the thought that the setting up of two panels will result in the grinding out of decisions for higher tariffs. I have a very good reason for thinking that, namely the proposal of the government to change the definition of "goods of a class or kind" to "goods of approximately the same class or kind". Instead of having the whole series of decisions of the board, to which the board itself can refer for guidance, the whole basic rule is being changed. In regard to the word "approximately" and goods custom-made—

Mr. Benidickson: There will be henceforth no appeal to the board.

Mr. Argue: The decision as to the consumption in Canada has no appeal but I do not think the government has wiped out all appeal, as the hon. member has just suggested. I suggest that changing the whole definition—in the words of the Minister of Finance broadening the definition—makes up for the errors of erosion brought about by the decisions of the tariff board in the past. I suggest that is the basic reason the government is now bringing in an amendment providing for two panels; so that more decisions can be made. These decisions, in my judgment, are very likely to be nothing more than decisions resulting in higher tariffs because the complaint of the minister is that the decisions of the board in the past have eroded the law and have not provided the tariff level which, in his opinion, we should have. He is suggesting a change in the law which will result in such a deluge of applications—because the definition will be changed —that he thinks we must provide for two panels to meet simultaneously to deal with the backlog which presently exists and the backlog he has suggested will undoubtedly exist in the future.

Mr. McMillan: I would like to ask the Minister of Finance a question. I believe he said there were six references before the tariff board and 69 appeals.

Mr. Fleming (Eglinton): I said there were eight references and 69 appeals.

Mr. McMillan: I would like to know how many of the 69 appeals refer to the class or kind items which will be covered under the provisions of Bill No. C-72, where the minister's decision will be final and therefore not appealable to the tariff board?

Mr. Fleming (Eglinton): I have no information on that particular subject.

Mr. McMillan: I feel that information would be of value.

Mr. Benidickson: Mr. Chairman, perhaps at a later stage in this legislative development the minister would provide that information.

Mr. Fleming (Eglinton): I do not see what relevance it has to this debate.

Mr. Pickersgill: If the Minister of Finance does not know the relevancy I think I can tell him. This deals precisely with the question I put to the minister which he has not attempted to answer. I asked him whether or not the work load of the board is likely to be reduced if cases of this description now being referred to the board will not be so referred in the future. It is very important to know whether in the existing backlog there are many such cases which would presumably not arise in the future or, at any rate, to anything like the same extent.

Mr. Fleming (Eglinton): That is strictly a matter of speculation.

Mr. Pickersgill: I am not asking the minister to give us this information now but I feel the request of the hon. member for Kenora-Rainy River is a reasonable one. We are not opposing this resolution but merely seeking information. If this resolution is adopted there will be another stage at which the minister could quite readily give us this information, and I assume the tariff board could easily supply the minister with it. Surely that type of information is not secret.

Mr. Benidickson: Would the Minister of Finance give us some undertaking in regard to supplying this information because it will have some bearing upon our judgment with respect to the desirability of enlarging the board to look after an increased work load. I know it is difficult because it involves another piece of legislation this session which we are not supposed to discuss at this time, but I think the minister should undertake to at least make inquiries of the board regarding the number of appeals which relate to the items which, under the proposed legislation before this committee, would not be appealable to the tariff board.

Mr. Martin (Essex East): That certainly is a very fair question.

Mr. Fleming (Eglinton): It invites me to speculate and I must decline to speculate on that matter. The statistic that I am dealing with now has to do with appeals pending before the board. These appeals are pending on the law as it stands today.

Mr. Benidickson: The minister whom I admire for his legal talents and his usual preciseness knows that appeals to the tariff board are made under certain sections and under certain defined precise violations of the sections of the Customs Tariff. Surely, the minister knows that appeal procedure is adequately accurate to determine whether or not appeals of this kind would be possible in the future if the legislation having to do with another act which is now before us is passed.

Mr. Pickersgill: As a matter of fact, whether the minister is willing to speculate or not, sir, surely it is not an unreasonable request to ask the minister to tell us at a later stage of the discussion of this legislation how many of the appeals which are now before the board relate to class or kind items.

Mr. Fleming (Eglinton): That is a very different question.

Mr. Martin (Essex East): That was the question put.

Mr. Pickersgill: That was the question asked by my hon. friend from Welland in the first place.

Mr. Bell (Carleton): No it was not.

Mr. Benidickson: It is exactly what he meant.

Mr. Peters: Mr. Chairman,—

Mr. Benidickson: Are we going to have trouble here? Will the minister indicate—

The Chairman: Order. The hon. member for Timiskaming.

Mr. Peters: I wanted to ask a couple of questions. For one thing, I should like to know how many of the present members of the board, if any, are due for retirement? If some are due to retire it appears that there are people available for appointment to the board who have the required knowledge to fill this type of position.

Mr. Fleming (Eglinton): There are no retirements until 1967.

Mr. Martin (Essex East): The hon. member for Welland asked a question. The Minister of Finance paid no attention to that question. Later the hon. member for Bonavista-Twillingate paraphrased the same question, and the Minister of Finance said, "Oh, well, that is a different matter altogether", thereby implying that in his judgment the question deserved an answer and would be answered. The Minister of Finance has not answered it. The minister shakes his head and by these nods seeks to suggest confusion. But this is a simple matter; this is something the minister must not dodge. He acknowledges now that the question is a proper one; it is one that does not call for speculation; it is one to which he can make reply. We are asking the minister to make that reply.

Mr. Fleming (Eglinton): Mr. Chairman, so far as the question was properly and clearly asked I made it quite clear that I have no such statistical information as to the particular questions involved in the 69 pending appeals. This is business before the tariff board; it is not business before a government department. I have the information which I have given to the committee that there are eight references and 69 appeals pending before the tariff board and I have no analysis of all these appeals. Surely, the hon. member is not going to expect that I will go through all of these 69 appeals and analyse all the issues involved in them.

Mr. Martin (Essex East): No one is asking the minister to do that. The minister is the minister in the government to whom the tariff board reports, and it should be a matter of no great inconvenience for the minister or his officers to ascertain before the passage of this bill what is the statistical reply to the question originally put by the hon. member for Welland and later insisted on by the hon. member for Bonavista-Twillingate. The minister surely cannot take the position that because he is not on the tariff board he should refrain from giving, or he should not be asked to give the house statistical information that will enable hon. members of this house, to determine whether or not the recommendation for an increase in the personnel of the tariff board should be acquiesced in.

That is the situation. I think the minister is taking an impossible position for any minister to take. I know the minister is an overburdened man. I realize that, but nevertheless the fact that he is overburdened does not relieve him of carrying out obligations which are his as a minister of the crown. Among those obligations is the one of answering questions that may assist hon. members in determining whether his proposals should be accepted. Does the minister take the position that this information should not be given to the committee? No one is asking him to sit down with pencil and paper and determine how many cases are of this kind or of that. All we are asking is that his parliamentary secretary, for instance, now leave the chamber, go to the telephone and ascertain from the registrar of the board what are the facts.

The problem is not any more difficult than that, and yet the minister sits there in his arrogance today and refuses to give us this information.

Mr. Pickersgill: Surely the minister is going to get this information for us.

Mr. Montgomery: How can he? If the hon. member stayed in his seat he might get the information.

Mr. Pickersgill: The hon. member for Victoria-Carleton who has just made a speech from his seat is an old member of this house who sat on this side of the house in the days when some of his friends at least did a lot of talking, and none more loudly than the present Minister of Finance, about the right of members of parliament to information and the right of members of parliament to speak.

Mr. Ricard: Order.

Mr. Pickersgill: There was no point of order from the other side then; they had all the chances to speak that they could possibly desire.

Mr. Benidickson: And there were no flags.

Mr. Pickersgill: We are being asked to vote the people's money; that is what we are being asked to do, to vote the taxpayers' money to increase the size of this board, and we seek to get some information, which ought to have been forthcoming in the first place, about the scope of the work the board now has. We are not speculating about its future work; we are talking about its present work. As my hon. friend from Essex East just said, the parliamentary secretary could earn a bit of his salary by going and telephoning to the board. We are not being unreasonable. We are not asking to have this information this afternoon; we are merely saying that at the next stage we should be told how many of these appeals are appeals on class and kind items; that is all. Surely somebody in the board knows that, or between now and the next time this matter comes up somebody in the board would have time—busy though they are, some clerk in the board would have time—to count them. I assume they can count to 69. It is not a tremendous problem.

If the minister had to do the counting himself we perhaps might have some doubts about it but, as the hon. member for Essex East has said, we are not asking the minister to do the counting himself; we would not think of asking him to do it. We are simply asking him to ask the board for the information and to give it to parliament whose servant he is supposed to be. This seems to be the hardest lesson for him to learn.

Mr. Martin (Essex East): This is matter of great importance. I hope the minister is going to deal with it.

Mr. Fleming (Eglinton): Yes, of course, Mr. Chairman. However, the minister is not going to undertake to supply information until he knows that the information is available and in existence. If the information is available and in existence I see no reason at all why it should not be given to the committee at the proper stage of the proceedings.

Until I know it is in existence and available I do not think any hon. member should ask me to undertake to submit it. I hope I have made myself clear, Mr. Chairman. The hon. member has asked me to make inquiry. I will ascertain if the information is in existence and available.

Mr. Martin (Essex East): The minister has made a concession which up until now he was reluctant to make. He has now undertaken to ascertain whether or not this statistical information is available. We thank the minister for this very generous attitude with regard to trying to supply parliament with information which we had presumed, of course, was already in the minister's mind, when he decided to make this particular recommendation to his colleagues in the government and to parliament. I say that because I would think that the minister could not possibly determine whether the tariff board should be increased from five to seven members, unless he had some appreciation not of what the situation is likely going to be in the future in this context but of what the statistical record is to date with regard to this type of case that has come before the tariff board.

The minister, obviously stung by the question of the hon. member for Welland, now realizes the most unfortunate position in which he has allowed himself to be placed. While we have been urging the production of this information, the country should know what the attitude of the Minister of Finance is regarding this question. We have not asked merely what in the minister's opinion is likely to be the number of cases in the future—

Mr. Argue: Why would you not ask that?

Mr. Martin (Essex East): —but rather what is the approximate number of cases of this type that the board has been engaged in considering up to now. The answer to that question certainly would dispel even the argument of the hon. member for Assiniboia who, without any rhyme or reason, said he was going to oppose the bill.

While we have been asking and are asking now for this information, what does the minister do? He has before him two very able officials. On his right is his parliamentary secretary. All around him in the house are many hon. members of the Conservative party who complain that they have not got enough to do. Surely between the officials, the parliamentary secretary and the hon. members who sit behind the minister, a telephone call could have been made to the registrar of the tariff board to ascertain how many cases of this type they have dealt with in the past. That information is available and has already been given to the house on other occasions.

Mr. McGee: Why don't you call them?

Mr. Martin (Essex East): The hon. member for York-Scarborough says, "Why don't you call him?". Why does the hon. member for Essex East, the hon. member for Bonavista-Twillingate, the hon. member for Kenora-Rainy River, the hon. member for Welland, not leave the house and go to the telephone booth and therefore provide that the data which the opposition should give to a measure such as this? That is the attitude

of hon. members of the Conservative party. This simple example indicates their disregard for parliament.

Mr. Speakman: Yes, teacher.

Mr. Martin (Essex East): The hon. member, who sits in his seat in the back row and whose only contribution is by way of interventions from his seat, says, "yes teacher". We are dealing now with an important principle, one that used to engage the attention of the Prime Minister when he was the private hon. member for Prince Albert, and later when he was the leader of the opposition. We asked the Minister of Finance to give us some information which he refused to give and with regard to which he said later that he would be glad to look into the matter and at some later date, if the information is available, he would give it to the house. That is the attitude of the government, and I regret that the Minister of Finance should be the instrument in this particular instance of the government's insolence and arrogance.

Mr. Argue: Mr. Chairman, I think the request that has been made is a very reasonable one. I do not understand why the Minister of Finance tried to evade the question or why he should tell the committee that unless the information is available he is not going to have the necessary research done that will disclose the information. On the request of hon. members of this house surely the minister should have a search made of the applications before the board to find out how many are class or kind appeals.

It is interesting to note that the hon. member for Essex East was relatively quiet this afternoon until recently and that he has made it clear that he and the other hon. members of his party support the resolution. They say now that they have not enough information and they want more. They say that we have pre-judged the matter. They have pre-judged it because they now admit that they came into the committee without adequate information. Now, in a great storm of indignation, they are telling the minister to produce the information because they need it but they have already said that no matter what information may disclose they are tying themselves in with the government and are voting for a two-panel system even though they do not know whether it is needed or what the present situation is.

They go on to say that they are not asking the minister to make an estimate of the number of cases in the future. The minister must have made an estimate of the work that will come before the board in the future because surely the legislation that is before the committee is based on that estimate. I suggest that class or kind cases are likely to constitute a very substantial portion of appeals and references to the board. With the sweeping change in the definition a deluge of appeals on this very point will come before the board in the future. Members of the Liberal party say they are against the change in the definition, the widening of the rule, and they have proved they are against it, but they are prepared to facilitate the evil consequences of widening the rule by voting for the minister's measure and without having the necessary information. I think this is an indication of complete irresponsibility on the part of the official opposition.

Mr. Benidickson: Mr. Chairman, I do not wish to reply in any detail to the remarks of the hon. member for Assiniboia. I spoke on the resolution and I think everybody knows that this is just one of perhaps five stages in which this type of proposal will be advanced. I spoke with some knowledge of the value of the tariff board. I spoke with some knowledge of the delays in decisions following the deliberations and studies of the tariff board. I indicated during the debate—and I think the member for Assiniboia may have been absent—that this matter was referred to on December 20 and that I replied thereto during the budget debate.

The hon. member says that there was a lack of knowledge on the part of the official opposition but from a scrutiny of previous debates during the present session I think it is obvious that is not the case. We were courteous to the government. If the Minister of Finance had not, as usual, been rather truculent and had simply agreed to make inquiries as to the availability of this information, perhaps we would not have had a 45-minute debate that may not have been too helpful.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-74, to amend the Tariff Board Act.

Motion agreed to and bill read the first time.

FIRE LOSSES REPLACEMENT ACCOUNT ACT

AMENDMENT EXTENDING APPLICATION OF ACCOUNT

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-47, to amend the Fire Losses Replacement Account Act.

He said: Mr. Speaker, the purpose of Bill No. C-47 is to make the provisions of the

fire losses replacement account available, subject to the approval of the treasury board, to certain proprietary crown corporations in addition to government departments and certain designated agency crown corporations that may now be granted advances from it. The act, which is chapter 28 of the statutes of 1953-54, establishes a fire losses replacement account and authorizes the Minister of Finance, with the approval of the treasury board, to make advances from the account up to a maximum of $5 million at any time to restore, rebuild or repair property administered or controlled by departments and certain agency crown corporations that had been damaged or destroyed by fire. The purpose was to ensure that when a fire loss did occur and the replacement or repair of the property destroyed or damaged was urgently and immediately required, and there was not sufficient money available in the appropriation for the service suffering loss, authority and funds could be obtained to proceed with the repair or replacement without delay, on the understanding that the account would be recouped subsequently by charges to the appropriation for the service concerned.

At present, the account is available to, (a) government departments as defined in the Financial Administration Act, except those departments or portions thereof excluded by regulation, and (b) agency crown corporations named in schedule C to the Financial Administration Act and designated by regulation for the purposes of the act. Under (a), to which I have referred, only the director of the soldier settlement and the director of the Veterans' Land Act have been excluded, while under (b), all agency crown corporations except the national harbours board have been designated. I may say that the national harbours board has its own self-insurance fund.

The proposed amendment would provide that proprietary crown corporations, such as the Canadian Broadcasting Corporation, which are dependent upon parliamentary appropriations for the financing of their capital programs, might conform to government general policy of underwriting its own fire loss risks, and be able to deal expeditiously with the repair or replacement of property damaged or destroyed by fire by drawing accountable and reimbursable advances from the account. It is urgent that this provision be made since such agencies as the Canadian Broadcasting Corporation have no recourse except to the Department of Finance appropriation for miscellaneous minor or unforeseen expenses, which could prove seriously inadequate if a major fire loss occurred.

[Mr. Fleming (Eglinton).]

The bill, Mr. Speaker, is a short one consisting of changes in only two sections of the act.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I believe this is the first amendment to this measure since the legislation was introduced by the previous government in the session of 1953-54. I was a bit disconcerted for a moment because I do not believe the minister made any reference to a possibility which I had in mind, namely that the principle involved in this amendment had been discussed in a parliamentary committee. I must confess that I thought it had. I am not going to name any names, but across the way I see one or two hon. members with whom I have a recollection of sitting in a committee—I cannot remember whether it was public accounts or an estimates committee—in which they asked whether or not crown companies were insuring their properties through private insurance agents. I did make inquiries yesterday from the Clerk of the house and he could not confirm my recollection. I have made inquiries, also, of the treasury board and the offices of the comptroller of the treasury, and they did not confirm my recollection. Perhaps before this debate concludes, hon. members opposite who have an interest in this subject might confirm my recollection.

Mr. Bell (Carleton): I do not wish to interrupt the hon. member, but was that not in connection with public liability rather than fire? I think the hon. gentleman will find such is the case.

Mr. Benidickson: The hon. member for Carleton (Mr. Bell) may have sat with me on that committee and have an even better recollection of the matter than I have because I know it was during the period in which he had responsibility as parliamentary secretary to the Minister of Finance.

However, perhaps when we come to a later stage of our debate the minister would indicate why in the public accounts for the fiscal year ending March 31, 1960 the fire losses replacement account on page K-21 has a blank opposite it. I know that this is an account under which the proper officer of the crown makes advances for expenditures and those advances are recouped in the same year. I am not for a moment suggesting there is anything improper about the fact that when one looks at item 8 there is a blank in the public accounts.

Mr. Speaker: I am sorry to interrupt the hon. member but it is five o'clock and the house will now proceed to a consideration of private and public bills, the former having precedence, pursuant to standing order 15, section 3.

way to those in the insurance industry, to those who are policyholders and investors in the insurance industry and to all hon. members of the House of Commons who will feel a very heavy responsibility, after having heard the minister, and who will realize the importance of the amendments we have before us.

I am not going to review the salient features of this 36-clause bill. It is a very important bill. I think the Minister of Finance has reviewed in a proper fashion the important changes that interest the public at large. However, I do wish to emphasize that there are many features of the bill which are of the utmost importance to the people to whom we are responsible, quite apart from the people who actually direct the insurance companies of this land.

Having said that, I should say that I do not think insurance companies in any country in the world enjoy the reputation for financial success and integrity in their operations that is enjoyed by the insurance companies of Canada. I think that fact is generally recognized.

The minister has referred to certain new features that are introduced in this bill. I am not going to refer to certain increases in investment allowances, such as the basket type increase that the minister and I discussed informally a few months ago. This allowance is to increase from 3 per cent to 5 per cent those investments that are not to be specially mandatory for insurance companies.

I think there is merit in the suggestion that in connection with real estate insurance companies should normally be allowed to increase the loan proportion in relation to the cost of the property. I say this because we know that our own government agency, Central Mortgage and Housing Corporation, has pretty high opportunities in this field. I think there is nothing wrong in the proposal to increase here from 60 per cent to 66⅔ per cent.

There are other features of the bill which deal with a single loan, the maximum possibility of which is increased. I am always somewhat leery about this. However, I know that this is related to a percentage of total assets. Our companies are growing very large. Therefore, perhaps my worry here is not one of substance. I think there are very few individuals who could persuade a board of directors to give a single loan of an amount that would approach that referred to in the present bill.

I think that this House of Commons, having a very close connection with the people of the land, should look very carefully at the new item which the minister has described. I refer to the revision of the insurance act with regard to the variable annuities. This has been a feature in the country to the south of us for some years. This is a new permissive thing in Canada. I know that the House of Commons, through the banking and commerce committee, will look very carefully into this matter. We will have a opportunity to go over again not only the bill that is presently before us but its companion bill, the Foreign Insurance Companies Act, after they are both reported upon by the banking and commerce committee.

I simply ask that we do not enter into this matter with any haste, in as much as the insurance industry was not itself questioned by the committee of the other place. I urge again that we ensure that we have a representative of this important industry present at our committee to explain to us some of the terms in the bills amending these two acts.

My understanding is that the insurance companies have no strong objections, or perhaps no objections, to these amendments. However, representing the people as we do, I think we should make sure that we hear not only our efficient superintendent of the insurance department but also representatives of those who have the conduct of these tremendous capital assets in insurance companies across the land.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to make a few brief remarks on this bill. I would not for a moment presume to make a lengthy analysis of its terms and import.

I listened with interest to the minister's detailed, and I thought quite thorough statement on the purpose and intent of the bill. It is a measure that covers, shall I say, the technical aspects of the administration of insurance in Canada, which to many of us sound as dry as dust. But it is a very important bill, related to the proper administration of something over $9 billion worth of investment in this country, investment upon which millions of Canadians depend at least for a measure of security in various respects.

I have had but a short time to glance through the bill. I must say that life in this parliament provides insufficient time to adequately study this type of bill. That is why we are very fortunate in being able to refer these matters to committees. However, in the short time I have had to read through the bill and, shall I say, digest it with my very slow-working mental digestion, as far as I can see the principle of the bill is to be found in clauses 12 to 16. These clauses make it possible for insurance companies to enlarge their investment powers, by providing a greater choice as to the type of investments in which they can indulge. I think

that on the basis of experience, and particularly in view of our expanding and developing economy, that is a very wise and progressive provision.

As far as this group is concerned, I think it is quite safe to say that we hope this measure will increase Canadian savings, and that as the result of increasing Canadian savings it will increase Canadian ownership in these companies. As far as I can discover from reading the bill, that should occur as the result of these amendments.

As I said before, this is a technical, complicated piece of legislation. It requires specialists who actually understand this matter to explain and administer it. However, regardless of that it is a measure of great importance to millions of Canadians who find, through insurance of various types, a measure of security surrounding their daily lives and their future.

I am glad the minister has suggested that the bill should go to the banking and commerce committee where it should receive a thorough study. I agree with what the hon. member for Kenora-Rainy River (Mr. Benidickson) had to say. He said that not only should the committee listen to the superintendent of insurance and other capable officials of this government, but the committee should take this opportunity to hear evidence from those who are active in the administration of insurance companies and should be provided with an opportunity to question them.

I suggest there is no necessity for haste in dealing with an important, technical measure such as this. I suggest that the committee should take all the time needed to examine the officials, to hear evidence from those who administer or take part in the administration of insurance companies and to examine them. This is an extremely difficult and complicated question for any person to deal with if he is not closely connected with it from day to day. When the bill is reported to the house, I trust that the committee report will contain information that will be of value to us and will enable us to criticize constructively or to offer amendments to the various clauses of the bill with at least a greater understanding and a greater knowledge than is possible at the present time.

Mr. L. D. Crestohl (Cartier): When the minister concludes the debate, Mr. Speaker, I wonder whether he would be good enough to say a word in explanation of the new definition given to a British company. Perhaps he already did so and I missed it. I do not want to refer to any sections of the act; we cannot do that at this stage. However, at the very outset I find a rather basic change in the definition which is now suggested. The old definition reads as follows:

"British company" means any corporation incorporated under the laws of the United Kingdom of Great Britain and Northern Ireland or any British dominion or possession other than Canada,—

And so on.

This makes it a fairly limitative objective in dealing with British insurance companies. The suggested amendment changes this definition to read as follows:

"British company" means any corporation incorporated under the laws of the United Kingdom or any other commonwealth country including any political subdivision or dependent territory thereof—

Of course the minister may have a full explanation as to why we are now expanding the latitude. For example, we can conceive that there may be members of the British commonwealth whose position in the commonwealth is not as sound as we should like it to be. For example, if a republic is to be admitted into the commonwealth, a new status is created in these countries in having whatever priority, protection or preference they might have which formerly British commonwealth countries or British possessions actually had. In the new definition I see an extension of that category. I hope the minister will offer some explanation of that matter.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I am really not going to speak on anything except one aspect of this bill and, strictly speaking, I am really not doing that on my own. My hon. friend from Trinity (Mr. Hellyer) was absolutely not able to be in the house this evening. Since he was not able to be here to do it himself, I wanted to draw attention to a few observations he made in March of last year—on March 15, to be precise—almost exactly a year ago, about one subject that is touched upon in the bill. I think it is of sufficient importance that it ought to be considered in committee on this bill. Its importance to the economy as a whole is such that I think it warrants some mention in the house on second reading.

Since I do not pretend to be an expert on this subject and have never done so, I make no apology for quoting briefly from the remarks of my hon. friend from Trinity as reported at page 2084 of *Hansard* of March 15, 1960. He stated as follows:

The third suggestion—

That was a suggestion about the housing act.

—is that the government introduce amendments to the Canadian and British Insurance Companies Act to permit conventional mortgage loans to a maximum of 80 per cent of the appraised value rather than 60 per cent as at present. I have taken

the trouble to inquire into the experience in other countries where they have larger ratios of loan to appraised value, and the result of this survey is quite conclusive. The experience in the United Kingdom, where their building societies collect money from the public and lend it against the security of housing, is very interesting. I understand that after the war they made mortgage loans as high as 95 per cent of the appraised value, and many at 90 per cent. Even now they are making loans at 80 and 85 per cent of the appraised value. The losses resulting from this policy have been practically negligible. In the United States the experience is similar under the federal housing administration and the veterans housing administration.

At that point the Minister of Public Works interjected a question:

Mr. Walker: May I ask the hon. member a question there? Are these conventional loans you are speaking about, through insurance companies and trust companies?

Mr. Hellyer: No, they are loans made, at least in Britain, under the auspices of the building societies. In the United States they are under the F.H.A. and the V.H.A. However, what I am saying is that the experience of all mortgage loans over a long period of time has been very good and leads one to the conclusion that a higher proportion of loan under the conventional system would have an equally excellent record so far as losses are concerned. The risk is practically eliminated.

As my hon. friend from Kenora-Rainy River (Mr. Benidickson) pointed out, it is true that under the provisions in the bill at the present time the 60 per cent is to be raised to two thirds. Of course, as my hon. friend from Kenora-Rainy River has already said, we would certainly support that increase. However, in line with the experience referred to by the hon. member for Trinity in the United Kingdom and the United States which should not be so different from what we might expect in this country, I think it would be desirable to give consideration to the possibility of raising this figure, if not to 80 per cent which the hon. gentleman suggested, at least to 75 per cent.

Mr. Benidickson: Central Housing and Mortgage Corporation goes as high as 95 per cent.

Mr. Pickersgill: My hon. friend from Kenora-Rainy River has pointed out that Central Mortgage and Housing Corporation itself goes as high as 95 per cent. These companies would not be compelled, of course, to go up to the full limit; it is just a permissive limit. If it would have the effect of making the financing of additional housing a little bit more practicable, particularly in times like these, it seems to me it would commend itself to everyone in the house. I therefore commend to the attention of the minister, the government and the committee the suggestion made just a year ago by my hon. friend from Trinity.

Mr. W. H. McMillan (Welland): I should just like to ask the minister a question. He spoke about deposits being left with the government of Canada to guarantee Canadian policy holders. I think they were $2½ million or whatever the amount was. I wonder in what form this deposit is carried. Is it carried in securities or in the statement of the government of Canada is it shown as an asset and also as a liability?

Mr. Benidickson: And at par.

Mr. McMillan: And at par.

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I thank hon. members who have spoken on this bill for the observations they have made upon it. I entirely agree that this bill should have the most thorough and painstaking examination in the banking and commerce committee. Indeed, one reason why I proposed that the bill should go to that particular committee is that a better opportunity will be afforded in that committee for that type of scrutiny than is afforded in the larger committee of the whole. There will also, of course, be opportunity to call before that committee whatever persons or representatives may commend themselves to the hon. members of the committee in that regard.

The hon. member for Kenora-Rainy River (Mr. Benidickson) referred to the representation before the committee of the other place on banking and commerce and expressed the hope that Canadian life insurance companies would see fit to be represented in the hearings before the banking and commerce committee of this house. I also hope and indeed am quite certain, that they will. I think it may have been overlooked by the hon. member that the companies were represented at the sittings of the banking and commerce committee of the other place.

Those individuals who appeared there include the following: Mr. J. T. Bryden, vice president and general manager of the North American Life Assurance Company. He is the first vice president of the Canadian life insurance officers' association and attended in the absence of the president, Mr. D. E. Kilgour, who is general manager of the Great-West Life Assurance Company of Canada. Also present were Mr. A. Ross Poyntz who is president of the Imperial Life Assurance Company of Canada; Mr. A. M. Campbell, vice president of the Sun Life Assurance Company of Canada; Mr. A. H. Lemmon, vice president and treasurer of the Canada Life

Assurance Company and Mr. J. A. Tuck, Q.C., general counsel for the Canadian life insurance officers' association.

Mr. Benidickson: Mr. Speaker, on this point, does the hon. minister recall that I indicated that these people were present but did not give evidence before the committee of the other place?

Mr. Fleming (Eglinton): Yes. The chairman of that committee asked Mr. Tuck if he wished to make any observations regarding the bill. Mr. Tuck contented himself with stating that the companies favoured the bill. These were his words:

> Mr. Chairman, we favour this bill and have no changes to suggest in it.

He did not ask to be called but expressed a willingness to answer any questions members of that committee might wish to ask. I think there is no doubt at all about the views of the life insurance companies with respect to the bill. They like the bill. They have asked for changes in the legislation of the kind that are embodied in the present bill and they have no further changes to suggest in it. However, I am quite sure that it will be the wish of the committee to hear representatives of the Canadian life insurance officers' association as in the past and that the association will be present and represented, and will be, as it has in the past, glad to be of assistance to the committee of the house in studying insurance legislation.

I was asked several questions of a rather specific nature which perhaps can be dealt with more suitably in the committee. A question was asked about the type of deposit to be accepted. While the legislation deals with the particular types of securities that are admissible in lieu of cash for deposit purposes with the Minister of Finance or with such trust companies as he may designate for that purpose, these are not assets of the government but are simply held in trust as deposits for these companies to assure the protection of policyholders.

Mr. Speaker, I think these are the principal questions that were raised in the course of the brief discussion. The hon. member for Cartier (Mr. Crestohl) asked a question which, if I am not careful, might take me into the realm of dealing specifically with a particular clause of the bill which would be quite out of order. I may say, however, in general terms that the change in the definition of "British company" became necessary in the light of the evolution of the commonwealth since the present definition was first inscribed in the act. The purpose of the change in describing the commonwealth in more up-to-date terms is to ensure that companies incorporated in countries that are within the commonwealth may be registered under the act.

Again I wish to thank hon. members for their comments in respect of the bill. I think we may look forward to a very useful review and scrutiny of this legislation in the banking and commerce committee.

Mr. Benidickson: Mr. Speaker, before the minister concludes the debate would he indicate to the house whether or not he thinks that some accompanying or similar legislation will be necessary to amend the trust and loan companies act?

Mr. Fleming (Eglinton): That is a question which has not as yet been decided, Mr. Speaker. It can perhaps be dealt with at a later date. If it is desired that I should enlarge upon the answer I gave to the hon. member for Welland (Mr. McMillan) I may say that deposits for British and foreign companies, for the protection of Canadian policy holders, are in the form of Canadian government bonds, municipal bonds, corporation bonds, mortgages, stocks and real estate, being essentially the same kind of investment that Canadian companies are authorized to make.

Mr. Benidickson: I would like to ask a supplementary question with respect to Canadian government bonds and their acceptance. Are they recognized at par value or at market value?

Mr. Fleming (Eglinton): At the time of deposit, of course, they will be recognized at market value.

Mr. Garland: I would like to ask the minister a question before he resumes his seat. To the extent that this legislation will encourage additional investment in housing, I wonder if this can be taken as an indication of the government's intention to assume a more residual role in respect of National Housing Act lending as far as general policy is concerned?

Mr. Fleming (Eglinton): I am sorry, there was an interruption and I was unable to catch the hon. member's question. Would he please repeat it?

Mr. Garland: To the extent, Mr. Speaker, that this present legislation encourages the investment of additional funds in housing, does that mean that the government intends to retreat to a more residual role in respect to lending for house building?

Mr. Fleming (Eglinton): There is no retreat on the part of the government proposed here, Mr. Speaker. This is a matter of re-wording in more realistic terms the present limitation on the lending value of a property for the purpose of mortgages taken by life insurance companies. There have been upward movements in this regard in the past and this increase in the limit from 60 per cent to 66⅔ per cent should make it possible for the companies that choose to do so to make larger loans on property. This does not affect the position of the government in relation to its residual lending.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

FOREIGN INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING CLASSES OF ASSETS THAT MAY BE HELD

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. S-6, to amend the Foreign Insurance Companies Act.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

CIVIL SERVICE ACT

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-71, respecting the civil service of Canada.

He said: Mr. Speaker, hon. members will not need to be reminded that last session the government introduced in the house a bill entitled "Bill No. C-77, a measure respecting the civil service of Canada to amend, revise and consolidate the Civil Service Act."

At that session the measure was not carried beyond first reading. The bill was distributed and the wish was expressed in the house that more time should be afforded for study of the bill and that it should not be pressed further at that session. That view commended itself to all sections of the house and accordingly the bill was not further proceeded with at the 1960 session. It is now my honour, Mr. Speaker, to bring forward a similar measure which is intended to have precisely the same purpose, namely to amend, revise and consolidate the Civil Service Act.

I stated briefly last year the background of the measure at pages 5128 to 5130 of *Hansard* of June 20. I pointed out there that the measure:

> —touches all aspects of the appointment, classification, tenure, rights and responsibilities of the civil service of Canada, and the powers and duties of the independent civil service commission charged with responsibility in relation thereto.

I made comment upon the history of our legislation in this respect. May I refer briefly to what I said in that regard, as follows:

> The present Civil Service Act enacted in 1918 is a landmark in Canadian history. It was a major advance over all the legislation which preceded it, including the acts of 1868, 1882, 1885 and 1908. At a stroke it placed the recruitment, promotion, classification and organization of the civil service of Canada beyond the reach of partisan political interference, and laid the foundation of what has come to be known as "the merit system". For many years the Civil Service Act has been the bulwark of this principle.
>
> This principle, however, has not withstood all the tests to which it has been submitted. During world war II overriding legislation was adopted which permitted both the principles and the provisions of the act to be ignored and practices and procedures to grow up at variance with the letter of the law. During the post-war period it became increasingly clear that strict adherence to the provisions of the act prevented the civil service commission from giving such service to departments of government as it was required and indeed desired to give, particularly in the fields of organization and classification. In these latter fields the expansion of the country and the enlargement of the federal government's commitments posed special problems.
>
> Since 1918 the functions of the civil service have undergone a transformation and proliferation. Its tasks have become infinitely more diverse, more complex, more technical and more specialized in keeping with the vast extension of the public business and the activities of government. More and more it has been recognized as essential to good government that Canada should maintain a public service of the highest competence in many fields and of unchallenged integrity.

Having sketched the background of the measure in these terms I refer to something that I am sure is fresh in the minds of all hon. members, namely the undertaking by the civil service commission itself of a review of the entire field of personnel administration in the public service with a view to the revision of the Civil Service Act. This request was first made to the commission by the Right Hon. Mr. St. Laurent in 1957, and that request was renewed to the commission when the present government took office later in that year. The report of the commission, which has taken its name from the chairman of the commission at that time, Mr. Heeney, was presented to the government and was tabled in parliament early in 1959. It attracted the widest interest across Canada and I am sure its contents have been studied by hon. members. I take advantage of the present occasion, Mr. Speaker, as I did on June 20, 1960, to pay a warm tribute to the members of the civil service commission, Mr. Heeney, Miss Addison and Mr. Pelletier, for the monumental task they performed in the writing of that

report. It takes its place among some of the reports of leading importance in recent Canadian history.

I do not wish to detain the house by reviewing considerations that I am sure are fresh in the minds of hon. members from the discussion which was held some eight or nine months ago in this chamber. On that occasion, as I have indicated, I referred to the history of the act of 1918, and to the circumstances surrounding the decision to have the act thoroughly revised. It was after due consideration that the decision was taken not to proceed with the bill at that session, and in the course of that consideration and the discussions that were held in the chamber it was quite clear that all parties in the house recognized the measure as one of outstanding importance.

In introducing the present measure, Bill No. C-71, which closely resembles Bill No. C-77 of the last session, I propose to do no more than recapitulate very briefly some of the leading elements in the measure for the purpose of giving continuity to the present proceedings without traversing the same ground step by step.

The report of the civil service commissioners on personnel administration in the public service, known, as I have indicated, and fittingly, as the Heeney report, contains recommendations which have by and large been carried into the present measure so far as it was considered practicable to do so. There are two principal exceptions. The recommendation that government agencies at present outside the civil service should be brought within its compass and their personnel made subject to this bill has not been considered either practicable or desirable at this time, nor indeed is it likely to be acceptable to those who would be most directly affected, at any rate without a great deal of study and consideration.

In the second place, the recommendation of the Heeney report as to the application of the veterans preference has not been incorporated in the bill. The government has considered itself bound to maintain the privileges enjoyed by veterans with overseas active service to their credit which have existed in their favour during the past 15 years, and the recommendations in the Heeney report which would have abridged the veterans preference have not been carried into this measure, nor were they carried into Bill No. C-77 which was introduced at the last session.

I shall, Mr. Speaker, make only a brief allusion to those other features of the bill upon which I commented in more or less detail on June 20, 1960. Perhaps I need do no more than enumerate them now:

1. The limiting of the absolute authority of the civil service commission in matters affecting the organization of departments to that of an advisory role.

2. The provision of greater flexibility in recruiting procedures in the sole discretion of the commission.

3. The provision of the right of transfer into the civil service and the right to compete in promotional competitions in the civil service to be conferred on the public service as a whole.

4. The establishment of the principle that an employee is paid as a matter of right rather than of grace, as has been the statutory rule hitherto.

5. The establishment in the bill of the right to appeal from administrative decisions of departments and in an extended number of situations to the commission itself. In this respect there were some misapprehensions evidenced in the discussion of the measure last year. I hope these misapprehensions have since been removed and that it is now clearly understood by all hon. members who participated in the discussion at the last session that the appeals are not, as one of them thought, to a body outside the commission but will be appeals to appeal boards appointed by the commission and acting under the authority of the commission.

6. The commission is also authorized to give a preference in selection, in cases wherever in its opinion effective service to the public requires it, to those who are skilled in the use of both the English and French languages.

I have no doubt that all hon. members have familiarized themselves with the terms of the earlier bill and this earlier study will unquestionably be of benefit to the select committee to which it is proposed that the present bill shall be referred after second reading.

Perhaps I might say a word briefly about changes introduced in the present measure compared with Bill C-77. Most of the changes, and they are numerous, are minor and of administrative significance only. They were suggested in various quarters and were studied by the government during the months which have elapsed since the earlier bill was introduced in June, 1960. I shall not dwell on these minor amendments.

There are, however, two changes which are matters of policy and to which the attention of the house might well be drawn. These give a clear indication of the spirit in which the government has considered the measure and the representations which were made to the government concerning it. A good deal

of publicity was given to the views of the civil service staff associations concerning the terms of clause 7 of the 1960 bill, C-77. That clause established in statutory form for the first time in our history recognition of the proposition that consultation should take place between representatives of the government and the commission and representatives of the staff associations on questions of pay and conditions of work. This clause was criticized on the ground that it reserved to the Minister of Finance and the civil service commission the right to initiate such discussions and that the right to initiate these discussions was not extended to the staff associations.

I should have thought that it would be accepted that no government of Canada would deny to the representatives of the civil service staff associations the right to initiate such discussions or that it would have been considered necessary to make statutory provision that on such initiation by the representatives of the civil service staff associations the government or the civil service commission, as the case might be, would sit down and discuss these matters with them. In this regard it is well to bear in mind, I think, that in the United Kingdom the system of Whitley councils, which is frequently referred to as a model in these matters of relationship between the government as employer and civil servants as employees, rests on no legislation at all. Therefore, one may ask if it is strictly necessary to dot all the i's and cross all the t's in a situation of this kind.

However, Mr. Speaker, the present measure is intended to remove all doubts in this regard. Unity of purpose and good faith are taken for granted on the part of both parties by the government in the drafting of the present measure, and it is as an earnest of this good faith and, I believe, unity of purpose that in the present measure clear provision has been introduced to provide recognition of the right of the staff associations to initiate discussions with either the government or the commission on the subjects I have mentioned.

The other major change relates to the definition of what are known as the prevailing rates group of government employees in the manipulative trades and occupations traditionally outside the classified civil service. Here it appeared that the definition might open the door to the enlargement of this group by the process of excluding certain classes from the civil service itself, without any control being exercised by the civil service commission. Accordingly, the bill has been drawn to make it clear that this was not the intention of the government and to make it equally clear that action in relation to prevailing rates employees cannot be taken without a recommendation to such effect proceeding in the first place from the civil service commission itself. I wish to make it quite clear that there can be no suggestion whatever of taking outside the civil service those who come within the category of prevailing rates employees unless the matter is commenced by a recommendation from the civil service commission itself.

I do not propose, nor is this the time, to enlarge further upon the contents of the bill. I thought it fitting to refer in a general way to what I said on June 20 last and to indicate briefly and in outline the points on which the present measure differs from its predecessor. It may, however, be appropriate to repeat that the general purpose of the present measure is to reaffirm the principle of the merit system, to safeguard the independence of the civil service commission and of the service itself within the compass of legislation designed to meet the many administrative problems which have arisen in the course of the life of the act of 1918, without permitting any compromise of the principles for which the act has stood and which have earned universal approbation for more than 40 years in this land and beyond our shores.

It will be recalled by hon. members that at the 1960 session a special committee was appointed by the house for the purpose, as originally intended, of studying both Bill No. C-77 and the kindred bill to amend the Public Service Superannuation Act. The committee was set up and the bill to amend the Public Service Superannuation Act was referred to it. However, Bill No. C-77 did not reach the point of second reading and consequently was not referred to that committee. May I say of that committee that it was an excellent committee and it did very useful work in relation to the superannuation act amendments.

If it were to meet with the approval of the house I would propose, at the appropriate time, to move the reappointment of a similar committee. It was not a large committee. It was a committee of very suitable size for the task that was entrusted to it. I have placed on *Votes and Proceedings* of the house today, a notice of motion that a special committee be appointed to consider Bill No. C-71, an act respecting the civil service, with power to send for persons, papers and records and to report from time to time; that the committee have power to print such papers and evidence from day to day as may be deemed advisable or necessary; that the committee consist of 15 members to be designated by the house, and so on.

A committee of this size I think will be regarded by the house as appropriate for the type of intensive study that will be called for in relation to this measure. I will say no more about the importance of the measure. I think that importance was widely recognized in all parts of the house last year. Both as to its subject matter and as to the physical size of the bill, undoubtedly this measure will be a major piece of legislation and, perhaps in terms of size, the largest government measure to be before the house at this session.

It is in no perfunctory sense that I say the civil service of Canada holds a position of the highest respect, not only in the eyes of this country and this parliament but indeed its position and its prestige have been recognized in other countries as well. It is the senior element of the public service of this country that is best known in other countries. Our senior civil servants come frequently into contact with the senior civil servants of other countries, more particularly the countries of the commonwealth. One cannot attend these international meetings, particularly commonwealth meetings, without being frequently impressed with the high regard in which our civil servants are held in these other countries.

Last year I made mention of the increasing complexity of government and the burden which that increasing complexity casts upon the civil service. This has meant that our civil service, while expanding in numbers as it has over the last 20 years, has had to become infinitely more diverse, more technical and more specialized in keeping with the very great expansion of the duties cast upon it. It must be a civil service of the highest competence in order to discharge the great variety of tasks that fall upon it.

The first requisite of the civil service at all times must be unimpeachable integrity. While of course in a civil service as large as ours there will be, from time to time, derelictions I think it is a matter of very great satisfaction to all parties in this parliament that these cases are very rare indeed in relation to the very large numbers of persons involved.

It has been, I think, a matter of satisfaction to this parliament to have taken important, and may I say notable, steps to improve the conditions of the civil service. Within the past year, parliament has made it possible to provide substantial increases in salaries. Within the past year, the medical-surgical benefits have been introduced throughout the civil service. The amendments to the superannuation act which this parliament enacted at the 1960 session likewise brought very considerable benefits to the civil service and repaired situations that were calling for remedy. This present parliament also provided increases in superannuation benefits for those civil servants who had retired before the present parliament was elected. Those, Mr. Speaker, are the expressions on the part of this parliament of its due appreciation, in the name of the Canadian people, of the outstanding services rendered to this Canadian nation by the civil service of this country.

Mr. Richard (Ottawa East): May I call it ten o'clock?

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder if the house leader would just confirm the business for tomorrow?

Mr. Churchill: Tomorrow we start with the bill based on the resolution that was passed earlier dealing with the tariff board. Upon completion of that matter, we will resume the debate on the item with which we are now dealing, Bill No. C-71, an act respecting the civil service of Canada.

Mr. Pickersgill: It is quite clearly understood that we go on to the labour estimates on Thursday?

Mr. Churchill: I thought if things moved rapidly tomorrow and the debate on Bill No. C-71, respecting the civil service of Canada were close to completion, we might finish it early on Thursday. However, perhaps we might leave that to the judgment of the house tomorrow.

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

Since I am not familiar with the area in Alberta in which this railway spur line will be constructed, I wonder if the hon. member could relate this area to the area considered by the royal commission on the Great Slave railway. Are the areas comparable, that is the area to be served by this spur line and the area considered by the royal commission?

Mr. Speakman: There is no relation—

Mr. Speaker: Order; I should caution the house that if the hon. member speaks now he will close the debate.

Mr. Speakman: There is no relationship. The only reason for presenting this bill to the house is that the proposed extension is over three miles in length and, therefore, the board of transport commissioners has no power to grant approval without reference to parliament.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

FIRE LOSSES REPLACEMENT ACCOUNT ACT

AMENDMENT EXTENDING APPLICATION OF ACCOUNT

The house resumed consideration of the motion of Mr. Fleming (Eglinton) for the second reading of Bill No. C-47, to amend the Fire Losses Replacement Account Act.

Mr. Benidickson: Mr. Speaker, when the business of the house was interrupted at five o'clock we were discussing the proposals to amend this act. I think this is the first amendment since 1953-54, when legislation was introduced with respect to crown fire losses. I have some questions to ask that may perhaps arise more appropriately when we come to consider the first clause of the bill at the committee stage. However, I do wish to indicate certain matters which I would like clarified.

Has the Minister of Finance (Mr. Fleming) ascertained whether any parliamentary committee has recommended that crown companies should follow the procedure generally laid down for other sections of government administration? I think this is a very desirable policy. I recall at one time being associated with the minister in a committee in which this matter came up. I think the procedure in relation to crown companies should take the same form. This risk should be borne by the government on a national, overall basis, without payment to any intermediates such as agents or representatives of the normal insurance companies.

I did indicate to the minister before five o'clock that I wondered under what authority —although I did not question that the authority existed—the public accounts for the year ended March 31, 1960, contained a complete blank in so far as a dollar and cent item was concerned under this fire losses replacement account. I wonder whether the minister would answer this question and relate it to recent years.

I am sure the minister understands that I am concerned about the looseness in the estimates for individual departments which suffer fire losses. Perhaps the minister will tell me whether I am right or wrong in regard to this question. Was the $5 million fund created under this enactment for the purposes of making it possible for departments to go ahead without delay in the event of a fire loss, in the absence of authority from parliament?

It occurs to me when I see a "nil" item in the public accounts, such as there was for last year, that perhaps the estimates granted to each department are just not as tight and close as the minister boasts in so many public speeches, when he says that never before has treasury board been so strict in its administration and authority over the various departments. I know that fire losses have been incurred by a number of departments and I have available the reports of the dominion fire commissioner.

I find that this provision was legislated in 1953-54. It was enacted to provide departments with a fund so that they could go ahead, if necessary, with construction rapidly after incurring a fire loss, when parliament could not vote the sum necessary to replace that loss. If last year no department of government required assistance under this legislation from this fund, either on a temporary basis or on a basis longer than the fiscal year, I wonder whether some of these remarks of the minister are valid, that there are under this government less lapses in expenditure estimates than there have been in any other government.

I think that in fact there must yet be looseness in the departments, if during the course of the fiscal year last reported upon by the auditor general, no money was needed for this particular provision. In other words, I suggest there were lapses. There was an excess fund in every department when a fire occurred so that they either replaced

that loss or decided that there was no immediate requirement to proceed with replacement until the next fiscal year or until parliament could provide the necessary appropriation.

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

On clause 1.

Mr. Benidickson: May we hear from the minister as to the intention? Is it perhaps to avoid the placement of insurance with private companies by crown corporations? What is the minister's intention when he advances this bill?

Mr. Fleming (Eglinton): The effect of this bill, when adopted, will be to make it possible to bring within the benefit of the fire losses replacement account the proprietary crown corporations listed in schedule D to the Financial Administration Act. Up to the present time, so far as the crown agency corporations are concerned, the benefit applied to those in schedule C to the Financial Administration Act. The effect of the amendments in the present bill will be to bring the proprietary crown corporations such as the Canadian Broadcasting Corporation, within the benefit of the fund. That being the case, it will be possible for these corporations, acting on the same principle that the government follows in relation to carrying the risk of fire losses on its own property, to have recourse to the fund at any time subject to the approval of treasury board, in the event of loss through fire.

While I am on my feet I perhaps might deal with the point raised by the hon. member for Kenora-Rainy River this afternoon in relation to the public accounts. He drew attention to page A-21 of the public accounts for the fiscal year ended March 31, 1960 and commented that the accounts showed no monetary figure against the fire losses replacement account. The answer to the hon. gentleman is that the fire losses replacement account is not an account in the ordinarily accepted sense. The fact is that no funds accrue to it. The fund has $5 million provided for it under section 8 of the Fire Losses Replacement Account Act, chapter 28 of the statutes of 1953-54. This, under section 5 of the act, is an account in the consolidated revenue fund. Therefore the answer briefly is that the $5 million is not a fund in the ordinarily accepted sense of the term. It is really a limiting authority as will be seen when regard is had to the provisions of section 8 of the main act. Thus, if an advance is made at any time during the year, it remains against that account until it is repaid by an appropriation within the same current year, as required by the act.

Mr. Benidickson: I thank the minister for his answer to my inquiry contained in his last remarks. There was a nil report in the year ended March 31, 1960. However, in the previous year, for example, I think there was referred to an item of $186,000. To me it was a somewhat unusual and, I admit, somewhat ununderstandable situation in that it had a minus item of $186,000 related to this fund as compared with the most recent year which had no figure whatsoever and to which the minister has kindly referred.

Mr. Fleming (Eglinton): The explanation of that $186,000 item, which of course I have not had the opportunity to check, would be this. There had been a charge to the fund in that amount which had not been repaid at March 31 for some reason or another. In that event, the charge would go over to the following fiscal year and would be repaid. That would be the fiscal year ended March 31, 1959. From the public accounts for the fiscal year ended March 31, 1960, it is evident that this advance was repaid.

Mr. Benidickson: I believe that crown fire losses are reported by the dominion fire commissioner. Is that right?

Mr. Fleming (Eglinton): Yes.

Mr. Benidickson: I know that he is not an officer that reports to the Minister of Finance. I think he reports to the Minister of Public Works.

Mr. Fleming (Eglinton): That is correct.

Mr. Benidickson: When I inquired, I found the last report of crown fire losses referred, I believe, to fire losses in the fiscal year ended in 1959. I know the Minister of Finance is one who is greatly interested in saving anything that has dollar value to the crown. Has he inquired as to whether or not the dominion commissioner for fire losses is late in reporting, having regard to the fact that the last available report refers to the year ended March 31, 1959. I do not expect the minister or his advisers would know about this matter at the moment, but will he inquire as we proceed before later steps in this legislation?

Mr. Fleming (Eglinton): I speak now only from memory in saying that, according to my recollection, the commissioner reports by the calendar year. That would account for the fact that the report for the year 1960 is not yet available. I am told that the compilation of his report is an extremely complicated matter. This would be a reason that it is not yet available for the year 1960.

The Deputy Chairman: Shall clause 1 carry?

Mr. Benidickson: No, Mr. Chairman. May I say this in connection with the proposed amendments. I think we are advancing in a proper course. However, in his remarks the minister indicated that everything was only permissive. In the remarks he has made so far I saw nothing that might indicate that even he, let alone the government, might have some influence in the course of events with respect to crown companies. Perhaps he would indicate to the committee that he and his colleagues have given this matter some thought. Perhaps he would also indicate whether or not he thinks the government might intimate a will or a desire to assure that crown companies in the future are not going to deal with private insurance companies with respect to fire losses.

Mr. Fleming (Eglinton): Included among the proprietary crown corporations under schedule D to the Financial Administration Act are two that are commercial corporations that do not operate in close relationship with any government department. For instance, in this list are Polymer Corporation Limited and Trans-Canada Air Lines. It is obvious that in this regard those corporations operate in very much the same manner as do corporations that are under private ownership. But in the case of corporations that have some relationship to the government in the matter of appropriations such as the Canadian Broadcasting Corporation, the intention would be to bring them within the scope of this principle and within the benefit of the account.

Mr. Benidickson: Mr. Chairman, could the Minister of Finance inform us who were the agents for insuring the Canadian Broadcasting Corporation last year?

Mr. Fleming (Eglinton): I am informed that they were not insured last year but carried their own risk.

Mr. Crestohl: Could the minister inform the committee whether it would be theoretically possible for a crown corporation to sustain a loss that might not be considered adequately covered by insurance?

Mr. Fleming (Eglinton): To what kind of a crown corporation does the hon. member refer?

Mr. Crestohl: I am referring to any one of the crown corporations falling under this act.

Mr. Fleming (Eglinton): I think the hon. member is begging the question by giving that answer. The agency corporations listed in schedule C of the Financial Administration Act are now within the benefit of the Fire Losses Replacement Account Act. The purpose of the present amendment is to make the benefits of the account available to proprietary corporations under schedule D, so it would be necessary for the hon. member to indicate to me a particular corporation or at least under which schedule the corporation he has in mind falls.

Mr. Crestohl: I was not referring to any particular corporation. I referred to the quantum of loss. Assuming there is a catastrophe and a tremendous loss results would it be theoretically possible for the loss to have been so great that it would not adequately be covered by this fund, or is the protection limitless?

Mr. Fleming (Eglinton): The hon. member must be talking about a corporation that is outside the benefit of the Fire Losses Replacement Account Act. He is speaking, I take it, of some crown corporation that has been carrying its own fire insurance, and that is in a realm outside this bill entirely. We are dealing here with government departments and those crown corporations which are governed in relation to fire risks by the principle on which the government operates, namely they carry their own risk. If the hon. member is asking about a crown corporation that lies outside the scope of this bill and outside the benefit of the fire losses replacement account it remains in each case a matter for the advisers of the crown corporation to advise the corporation as to what is considered to be an adequate amount of fire insurance to carry. I think that in a matter of this kind the hon. gentleman would have to be more precise in indicating to me the particular corporation to which he refers because I have just given an instance of one of the proprietary crown corporations which falls under schedule D of the Financial Administration Act which, even before the enactment of the present amending bill, has already been operating on this principle of carrying its own risk.

Mr. Benidickson: Mr. Chairman, I know the minister will be willing to place on the record in connection with this debate those crown corporations that would be referred to hitherto in *Hansard* as falling under schedules C and D of the Financial Administration Act. I do not think they are referred to in this amending bill.

Mr. Fleming (Eglinton): Mr. Chairman, schedule C of the Financial Administration Act reads as follows:

Canadian Arsenals Limited, Canadian Commercial Corporation, Canadian Patents and Development Limited, Canadian Sugar Stabilization Corporation Ltd., Commodity Prices Stabilization Corporation Ltd., Crown Assets Disposal Corporation, Defence

Construction (1951) Limited, Federal District Commission, National Battlefields Commission, National Harbours Board, Park Steamship Company Limited.

In relation to the second last corporation mentioned, I made a comment this afternoon that the national harbours board has its own fund.

There are a dozen corporations listed under schedule D of the Financial Administration Act. Schedule D reads as follows:

Canadian Broadcasting Corporation, Canadian Farm Loan Board—

That board has of course been superseded by the Farm Credit Corporation. I continue:

Canadian National (West Indies) Steamships, Limited—

That corporation is in the course of being wound up. To go on with the list:

—Canadian Overseas Telecommunications Corporation, Central Mortgage and Housing Corporation, Eldorado Mining and Refining (1944) Limited, Export Credits Insurance Corporation, National Railways as defined in the Canadian National-Canadian Pacific Act, Northern Transportation Company (1947) Limited, Northwest Territories Power Commission, Polymer Corporation Limited, Trans-Canada Air Lines.

As I indicated earlier, the corporation in this list which we have immediately in mind to bring within the account is the Canadian Broadcasting Corporation.

Clause 1 agreed to.

Clause 2 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING INVESTMENT AND OTHER POWERS

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. S-5, an act to amend the Canadian and British Insurance Companies Act.

He said: Mr. Speaker, Bill No. S-5, an act to amend the Canadian and British Insurance Companies Act is in a sense associated with the bill which is next to follow according to the announcement made last night by the leader of the house, namely Bill No. S-6, an act to amend the Foreign Insurance Companies Act. While we of course do not attempt to discuss two measures at the same time or in the same debate, I think it may be said and understood by all hon. members that while the first of the two bills covers a wider area than the second, the points that are raised for discussion are similar.

[Mr. Fleming (Eglinton).]

At the conclusion of the debate on second reading, if it pleases the house to give the bill second reading, I shall propose that the same course be followed with respect to both bills, namely that they be referred to the standing committee on banking and commerce. The superintendent of insurance, Mr. Kenneth MacGregor, will be available to that committee to offer such testimony concerning the details of both measures as the members of the committee may desire.

These bills, I may point out, have already been passed by the other place and were carefully reviewed there particularly at the committee stage. There is, of course, much in both bills that is highly technical. Our insurance legislation has not been comprehensively revised at regular intervals. The last major revision of our insurance legislation took place in 1950 but, as I shall point out later in my remarks, there have been three amendments since that time. The revision embodied in the bill now under debate is one that has been sought by the insurance companies themselves which are governed by it. There are important changes proposed to the insurance legislation in these bills. Perhaps the most important consists of the provisions for enlarging and broadening the powers of investment of the companies. Indeed, it may be said that the purpose of the measure in this regard is to enlarge the freedom and flexibility of the insurance companies in relation to their investing powers. An important new provision is introduced in relation to variable annuities or contracts. So much by way of introduction.

There are very few persons in Canada whose lives or property are not affected, directly or indirectly, by insurance. The protection afforded by insurance is interwoven throughout the fabric of our modern mode of living and our economic structure. Insurance eliminates or reduces risks that would otherwise cause great distress or disaster. Insurance provides a bulwark against the hazards of accident, sickness, old age, death, fire and a multitude of other contingencies. It also stimulates savings, and some forms of insurance, especially life insurance, give rise to the accumulation of very large funds for investment. Consequently, the manner in which insurers carry on business in Canada and their investment policies, their stability and their solvency are of vital importance and concern to the entire Canadian public.

At present, there are 410 companies and 50 societies within the description of Canadian, British and foreign insurance companies and fraternal benefit societies registered under the Canadian and British Insurance Companies Act or the Foreign Insurance Companies Act to transact business under the supervision of

the federal government. These companies and societies do actually more than 90 per cent of the insurance business in Canada, the remainder being done by provincially licensed insurers operating exclusively under provincial jurisdiction. Indeed, apart from Lloyd's, these are all provincially incorporated companies or societies.

The companies and societies that are federally registered have an aggregate annual premium income in Canada exceeding $1.6 billion. There is approximately $46 billion of life insurance in force in Canada, and this amount is the largest in proportion to national income among all the countries in the world.

The two insurance acts to which I have referred, the Canadian British Insurance Companies Act and the Foreign Insurance Companies Act apply to the entire operations of Canadian companies and societies but only to the Canadian operations of British and foreign companies and societies.

The total assets of Canadian insurance companies and fraternal benefit societies now exceed $9 billion, and the total assets now on deposit in Canada, either with the Minister of Finance or with trust companies under agreements approved by the minister, for the protection of the Canadian policyholders of British and foreign companies and societies, amount to $2.5 billion. The magnitude of these figures gives some conception of the importance of the provisions of the two statutes and especially their investment provisions. In addition, these investment provisions are frequently adopted as a standard for the investment of many private pension funds, endowment funds and other funds, so that their application and effect are very broad.

Investment provisions must permit sufficient latitude to result in ample diversification plus a good yield, thus enabling insurance costs to be kept as low as possible, while at the same time ensuring the safety of the funds invested. In a very real sense, Mr. Speaker, insurance funds are to a large extent virtually trust funds and certainty of payment of all obligations upon the happening of the various contingencies insured against is essential to this business.

In addition to these aspects from the policyholder's point of view, the manner in which these large funds are invested is obviously of great importance in the national economy. For example, in world war II, investment policy was naturally directed toward aiding the war effort in every possible way, with the result that at the end of 1945, one third of the total assets of Canadian life insurance companies both in Canada and out of Canada was in the form of government of Canada bonds amounting to more than $1 billion. Since the war, the proportion invested in such bonds has declined to 5 per cent while investment policy has shifted mainly toward mortgage lending. The proportion of the total assets of Canadian life insurance companies invested in this manner has risen from 8 per cent at the end of 1945 to 35 per cent at the present time. The latter represents mortgage loans aggregating about $3 billion, more than four fifths of which is in Canada.

Since federal insurance legislation was first enacted in 1868, the various insurance acts enforced from time to time have necessarily been revised and amended many times to keep pace with changing conditions, but except for amendments dealing with matters of particular concern in 1951, in 1956 and in 1957, there has, as I mentioned in my introductory remarks, been no general revision of these acts since 1950. In addition to amendments that are particularly desirable now in order to bring the acts into closer conformity with current conditions, several other desirable though minor amendments have been accumulating since the last revision. All of these matters are dealt with in the present bills. So far as investment provisions are concerned, the proposed amendments will afford a broader choice among the various prescribed classes, some extension of limits applicable to particular classes, and greater freedom to invest in real estate for the production of income, bonds, and stocks, subject only to each company's own discretion.

I shall mention only a few of the more important changes proposed in the present bills. The remainder can, I am sure, Mr. Speaker, await examination in the committee. One important change is proposed in the limit on mortgage loans in relation to the value of the property securing the loan. At present, companies may, of course, make mortgage loans on real estate but the amount of the loan must not exceed 60 per cent of the value of the real estate. It is proposed to raise this limit from 60 per cent to 66⅔ per cent. By reason of the present general practice of amortizing mortgage loans by monthly payments, it is believed that the higher limit will not involve any material lessening of safety as compared with the safety afforded by the lower limit at the time it was adopted many years ago when regular amortization of mortgages was the exception rather than the rule. The proposed higher limit will also have the beneficial effect of reducing the burden of the higher costs usually associated with any second mortgage financing.

A change is proposed in the proportion of a company's assets which may be invested at its own discretion. At present, a company may invest up to 3 per cent of its assets in investments other than those of classes specifically described in the act. The principle

underlying this measure of freedom of investment was first adopted in 1948. It has since proved to be of great value in permitting companies to invest in new types of securities and experience has shown that this freedom has been carefully exercised.

Mr. Benidickson: Will the minister permit a question? For the record, will he outline the type of assets that he is now referring to, namely those in the so-called basket?

Mr. Fleming (Eglinton): That will be evident, I think, as we proceed. We are speaking now of the investments which are permitted under the so-called "basket clause".

At the present time no company is using the existing freedom to the full extent permitted, but from time to time some companies have approached the present limit. It is now proposed to increase this limit to 5 per cent of a company's total assets.

Considering Canadian companies as a whole, since their total assets exceed $9 billion this means that such companies can make investments in real estate for the production of income, or in any kind of bonds not in default, or in stocks regardless of their dividend record, subject only to the wisdom of the companies themselves, up to a maximum amount of approximately $450 million. It is believed that the additional margin is justified on the grounds that the present freedom has been responsibly used and that the higher limit will permit a desirable participation by companies in new types of investments without the necessity of frequent amendments to the act to change the specific kinds of investment authorized and will permit the making of sound investments even though they do not meet the specific requirements of the various prescribed classes set forth in the act.

Changes are proposed in the provisions relating to real estate purchased for the production of income and leased back to a corporation that has a dividend record up to a prescribed standard, under a lease meeting certain minimum requirements. The act at present limits any particular investment of this type to half of 1 per cent of the book value of the total ledger assets of the company. It is proposed to increase this limit on any one parcel to 1 per cent of the company's total assets.

Furthermore, the act in its present form also limits the aggregate investments of a company in real estate for the production of income, whether of the particular kind just mentioned or any other kind, to 5 per cent of the book value of the total ledger assets of the company. It is proposed to raise this limit to 10 per cent of the company's total assets. This type of investment, first authorized in 1948, has proved to be sound and profitable and particularly popular in a few companies that are approaching the present limit. A substantial degree of experience has been gained and it now appears that a higher limit can be adopted without weakening the general quality of the asset portfolios of the companies.

Another change relates to so-called equipment trust certificates. At present, companies may invest in equipment trust certificates issued by a trustee to finance the purchase of transportation equipment for a railway company incorporated in Canada or the United States and secured by such equipment. It is proposed to extend this provision to include transportation equipment for use on public highways. Equipment trust certificates have generally proved to be of high quality in both Canada and the United States.

Mr. Benidickson: Would that include air transport?

Mr. Fleming (Eglinton): No, I said transportation equipment for use on public highways.

It is proposed to authorize, as a new specific class of investment, the guaranteed investment certificates issued by Canadian trust companies, either federal or provincial, where such companies have a dividend record as good as the dividend record required to make the debentures of any other kind of company qualify as eligible investments.

Several other minor changes respecting investments are dealt with in the bills but their purposes are, I think, apparent from the explanatory notes printed in the bills.

Leaving the subject of investment powers, may I now touch upon a matter relating to the corporate powers of insurance companies in the pension and annuity field as well as the investment of funds arising under certain kinds of pension and annuity schemes.

Life insurance companies transacting business in Canada have expressed the desire, through representations made by the Canadian life insurance officers association, to make group contracts for the financing of employer-employee pension plans in such terms as to result in the contract holder receiving the full benefit or burden of investment gains or losses. Under such contracts, there would be no guarantee of investment return and the obligations of the insurance company would, in general, rise or fall with a rise or fall in the market value of the securities earmarked for contracts of this kind. For such contracts also, the companies wish to have greater freedom of investment than is now permitted under the

present legislation. It is well known that many employers prefer to see their pension funds invested in common stocks to a greater extent than the 15 per cent limit applicable to insurance funds as a whole and have set up trust funds for this purpose.

At present, Canadian life insurance companies have the corporate power to issue "annuities of all kinds", and to make contracts of "insurance providing for the establishment, accumulation and payment of sinking, redemption, accumulation, renewal or endowment funds". These companies thus have the corporate power to make such contracts provided there is some element of insurance in them but the act is not clear how such contracts should be dealt with in the accounts of the company. It is also doubtful whether this type of contract could be used to any appreciable extent within the present limitations on investments in common stocks applying to the life insurance funds of the company generally. So-called variable annuities, involving annuity payments varying from time to time in accordance with the investment results of a fund invested substantially or wholly in common stocks, fall in this same general category and since companies have the power to issue annuities of all kinds, they have the power to issue variable annuities, although few companies have yet expressed much interest in them.

If companies begin to issue contracts of the general kind to which I have just referred, under which the obligations to the policyholder vary with the market value of the investments held for the benefit of such contracts, it is of the utmost importance that such contracts should be dealt with in a manner completely separate from the normal life insurance business of the company.

It is therefore proposed to amend section 81 of the Canadian and British Insurance Companies Act so that if any such contracts are made by Canadian companies—and this would include so-called variable annuities—they shall be dealt with in a separate fund or funds and the assets belonging to any such fund or funds shall be segregated from the other assets of the company. Similar proposals respecting British insurance companies will be found in this bill and in the other bill. It is also proposed that the investments in any such separate fund be relieved from the existing limitations on the proportion that may be invested in common stocks or in real estate for the production of income. Investments would not, however, be relieved from the usual requirements with respect to kind and quality.

In this connection, I might mention that there is not complete unanimity amongst the companies concerning the desirability of offering contracts of this general kind. Views have been expressed to the effect that life insurance companies should refrain from issuing any type of policy which does not provide benefits of guaranteed amount, lest unfavourable variations resulting from a fall in the value of the investments might detract from the public confidence now placed in the life insurance companies, a confidence that has been built up on the strength of guaranteed benefits.

To give effect to this view would require a narrowing of corporate powers at present enjoyed by Canadian life insurance companies. This would scarcely seem appropriate having regard to the fact that this view is seemingly held in a very few companies only, that provincially incorporated companies are already transacting this kind of business, that British companies apparently have the necessary power to do so, and that many United States companies are acquiring powers of this kind.

Instead, as I have already mentioned, the course proposed is to require separate funds and separate assets with, of course, separate accounting for such business in order to keep it quite separate from the regular life insurance and annuity business of the company. If life insurance companies are careful to explain the different nature of this kind of contract when it is made, the possibility of misunderstanding should be reduced, if not eliminated; and the availability of this kind of contract will enable the companies to meet a strong demand from various segments of the public to have funds arising under pension plans invested to a greater degree in equities than is otherwise permitted. Although no specific requirement is proposed at this time concerning the proportion of any such fund that should be invested in Canadian securities, it is taken for granted that where the fund is held for the benefit of policyholders in Canada it will be invested mainly, if not wholly, in Canadian securities, including Canadian equities.

I turn now to another field in which life insurance companies have for many years been quite active. I refer to personal accident and sickness insurance.

At present, a Canadian life insurance company is permitted to transact classes of insurance other than life insurance if it has the charter power to do so or acquires the necessary power in accordance with the provisions of the act. It is required, however, to maintain the funds, accounts and securities held in respect of its life insurance business in a manner completely separate and distinct from the funds, accounts and securities for

any other class of business. Up to date, the only other class of business of any importance is personal accident and sickness insurance.

If a Canadian life insurance company wishes to engage in personal accident and sickness insurance, it must establish a separate fund for that purpose and the act permits the transfer from the life insurance funds of an amount not exceeding 25 per cent of the surplus of the company or $100,000, whichever is less, in order to create any such fund. However, having regard for the size of the large life insurance companies and the enormous growth in personal accident and sickness business, particularly with respect to group insurance, the amounts so available are no longer considered adequate. Furthermore, the act now permits a transfer only for the creation of the separate fund. There are no means whereby further transfers can be made from the life insurance funds to the accident and sickness fund even if such transfers should be necessary to maintain the solvency of the latter fund.

It is therefore proposed that the present limitation on transfers be changed to permit transfers either to establish or maintain the fund and, in addition, that the limit on the amount of transfers be increased for the larger companies to 10 per cent of the surplus. This will still retain the advantages of a clear separation between these two kinds of business but at the same time will afford some degree of flexibility in sustaining the accident and sickness fund, if necessary, in times of adversity.

Finally, Mr. Speaker, it is desirable to revise and rearrange several sections of the present legislation for greater clarity, to adapt their provisions better to meet current conditions and to remove minor defects or anomalies. Also, there are a few provisions which have become obsolete and should be repealed. The changes proposed in these respects are indicated in the bills themselves, and can be further discussed in the committee on banking and commerce. I say nothing concerning the other bill to amend the Foreign Insurance Companies Act, except to indicate that the amendments are, in general, virtually identical.

The house has had the benefit, through its banking and commerce committee in times past, of opportunities for studying insurance legislation with the very competent and highly valued assistance of Mr. Kenneth MacGregor, the superintendent of insurance. I have no doubt that the review of our existing legislation offered by the two present measures will be of very great benefit to our legislative efforts in parliament.

[Mr. Fleming (Eglinton).]

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I know the house will be grateful for the thorough, and properly thorough, statement the minister has made with respect to two bills before us. I believe his remarks would apply not only to the Canadian and British Insurance Companies Act amendment bill but to the Foreign Insurance Companies Act amendment as well. We can regard them as companion bills.

I believe this house will regard it as fortunate that those in the Senate received these particular bills before we did. There are many in that place who are experienced in the insurance business and the trust and loan business, so these bills did receive already very careful consideration, not only in the chamber of the other place but in their banking and commerce committee as well. I think quite a number of the hon. members of this house will have read the evidence that was presented on these occasions. I will not refer to this; indeed, perhaps I am not permitted to refer to it.

While those in the other place did receive evidence from the much admired superintendent of insurance, Mr. MacGregor, to whom the minister has referred, my reading of what has taken place in the other place would indicate that although a number of representatives of the insurance industry were in attendance there they did not give evidence before the banking and commerce committee of the other place. I do not mean to imply that the hon. members of the other place denied any member of the public an opportunity to make representations.

However, I would hope that if the hon. member for York North (Mr. Cathers) president of our banking and commerce committee is present he will regard this as a very important operation in so far as this House of Commons committee is concerned. As the Minister of Finance (Mr. Fleming) has indicated, this legislation relates to some $9 billion worth of assets. We all know that those assets are, for all practical purposes, assets that do not belong to the managers of the companies. Those are assets that have been accumulated by the people of Canada at large and, to that extent, I think there is a greater than usual obligation on our commons to consider these amendments which involve such an important element of capital in our country.

I would hope that the chairman of the banking and commerce committee would not be in haste to deal with this legislation, but that he and the clerk of the committee would give adequate notice to the public that these revisions are proposed. In this way, in due course we could have a discussion in the committee that would be satisfactory in every

ANSWERS TO QUESTIONS

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

CREDIT ADVISERS, VETERANS' LAND ACT

Question No. 94—**Mr. Boulanger:**

1. In each of the provinces: (a) how many credit advisers were employed by the Veterans' Land Act administration? (b) since February 1, 1960, to date, how many of these credit advisers have resigned, and how many have been replaced?

2. In the province of Quebec, between December 31, 1959, to January 1, 1961: (a) how many appraisements have been made? (b) how many loans have been made, and for what amount?

Answer by: **Hon. Gordon Churchill (Minister of Veterans Affairs):**

1. (a) All field staff (other than construction supervisors) employed by the veterans' land administration, prior to May 1, 1960, were classified as settlement officers. A new classification series, farm credit adviser, was authorized by treasury board on June 2, 1960, effective May 1, 1960. The duties performed by the field staff in this new classification relate substantially to the full time farming provisions of both the Veterans' Land Act and the Farm Credit Act. Those performed by the majority of field staff still classified as settlement officers mainly relate to veterans who are settled or are seeking financial assistance as part time farmers or under the house construction provisions of part II of the Veterans' Land Act. The following table shows the number of V.L.A. field staff who, on February 1, 1960, were classified as settlement officers and the number who, on May 1, 1960, were performing the duties and responsibilities of farm credit advisers:

	Feb. 1, 1960	May 1, 1960
British Columbia	28	16
Alberta	39	43
Saskatchewan	44	42
Manitoba	23	22
Ontario	56	40
Quebec	16	8
New Brunswick	10	5
Nova Scotia	8	4
Prince Edward Island .	4	3
Newfoundland	2	—
Total	230	183

(b) Since May 1, 1960, to date, 14 veterans' land administration employees who were performing the duties of farm credit advisers have resigned as follows:

British Columbia, 2. One resigned on promotion to credit supervisor on the strength of the farm credit corporation. One has been replaced on the strength of the farm credit corporation.

Alberta, 1. Resigned on promotion to credit supervisor on the strength of the farm credit corporation. Replaced by a credit adviser on strength of the veterans' land administration.

Saskatchewan, 1. Resigned on promotion to credit supervisor on strength of the farm credit corporation. Replaced by credit adviser on strength of the farm credit corporation.

Manitoba, 1. Resigned on promotion to credit supervisor on strength of the farm credit corporation. Replaced by credit adviser on strength of the farm credit corporation.

Ontario, 3. Two resigned on promotion to credit supervisor on the strength of the farm credit corporation. All have been replaced by credit advisers on strength of the veterans' land administration.

Quebec, 4. Two resigned on transfer to the farm credit corporation, on whose strength they continue to perform the same duties as they carried out when employed by the veterans' land administration. One resigned after promotion to a position in the veterans' land administration district office in Montreal. He was replaced in the field by a credit adviser on the strength of the farm credit corporation.

New Brunswick, 2. One resigned on transfer to the farm credit corporation, on whose strength he continues to perform the same duties as he carried out when employed by the veterans' land administration.

2. (a) A total of 322 appraisals were made by the joint field staff of the veterans' land administration and the farm credit corporation, of which 128 were made between April 1, 1960 and January 1, 1961, relative to loan applications under the Farm Credit Act.

(b) 344 loans were made under the Veterans' Land Act in the aggregate amount of $2,641,036.00.

MILORAD V. COP

Question No. 117—**Mr. Martin (Essex East):**

1. Have representations been made to the government for assistance in freeing Mr. Milorad V. Cop, a Canadian citizen, from prison in Czechoslovakia?

2. If so, has any progress been made toward having this Canadian citizen released from prison?

Answer by: **Hon. Howard C. Green (Secretary of State for External Affairs):**

1. Yes.

2. No.

REQUESTS FOR ORGANIZATION AND METHODS SURVEYS

Question No. 119—**Mr. McGee:**

1. Have any departments of government requested surveys from the organization and methods division of the civil service commission during 1960?

Questions

2. If so, which departments?
3. How many surveys were made for each department?
4. What were the dates on which the results of the surveys were forwarded to the department concerned?
5. What were the estimated measurable annual savings which resulted from each survey?

Answer by: **Hon. Leon Balcer (Acting Secretary of State):**

1. Yes.

2, 3, 4 and 5: Replies are set out in the schedule hereunder.

SURVEYS REQUESTED BY DEPARTMENTS DURING 1960

Department	Number of surveys		Date results forwarded to department	Estimated measurable annual savings
	Requested	Completed		
				$
Agriculture	2	in progress		
Civil service commission	1	1	September 6	not measurable
Defence production	1	in progress		
External affairs	1	1	May 3	24,000
Finance	2	in progress		
Justice-penitentiaries	1	in progress		
Labour	1	in progress		
Mines and technical surveys	2	1 one in progress	November 23	3,160
National defence	5	2 two in progress one to be done in 1961	July 27 October 4	not measurable not measurable
National gallery	1	in progress		
National health and welfare	1	in progress		
National parole board	1	1	July 28	not measurable
National revenue customs and excise	1	1	July 20	65,520
Northern affairs and national resources	2	1 one in progress	August 3	not measurable
Post office	2	2	November 24 December 28	not measurable 80,060
Public printing and stationery	1	1	December 23	not measurable
R.C.M. Police	2	2	September 23 November 4	21,300 119,000
Trade and commerce, DBS	1	1	June 2	not measurable
Transport	1	in progress		
Transport comm'rs, board of	1	1	October 3	2,970
Veterans affairs	1	in progress		
Total	31	15		

NOTES: (1) During 1960 the organization and methods service was renamed the management analysis division.

(2) Two requests, not included above, were received in 1960, and were transferred to the organization division. Both are organizational surveys and are in progress:

1—National health and welfare department,

1—Secretary of state department.

APPENDIX

DOMINION-PROVINCIAL CONFERENCE—ILLUSTRATIVE TABLES

HYPOTHETICAL ILLUSTRATION OF PROVINCIAL RECEIPTS FOR 1962-63 UNDER FEDERAL PROPOSAL ASSUMING GROWTH OF 5 PER CENT PER ANNUM IN YIELDS OF STANDARD TAXES

Formula	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
						(thousands of dollars)					
New formula—total receipts projected to 1962-63 assuming 5 per cent per annum rate of growth in tax yields											
standard taxes at 16-9-50 (*see note*)	6,015	1,324	13,002	10,341	167,653	311,387	29,076	20,251	45,509	72,377	676,935
equalization	14,657	3,465	19,912	15,428	71,875	—	13,097	22,443	10,567	—	171,444
Atlantic provinces adjustment grants	10,500	3,500	10,500	10,500	—	—	—	—	—	—	35,000
Total (1)	31,172	8,289	43,414	36,269	239,528	311,387	42,173	42,694	56,076	72,377	883,379
Present formula—total receipts projected to 1962-63 assuming 5 per cent per annum rate of growth in tax yields (including standard taxes at 13-9-50, equalization and Atlantic provinces adjustment grants)	29,035	7,331	41,418	35,645	239,528	293,118	42,173	42,694	60,186	75,334	866,462
Present formula—estimated total receipts in 1960-61 (including standard taxes at 13-9-50, equalization and Atlantic provinces adjustment grants)	27,033	6,882	38,265	33,028	217,259	265,867	38,252	38,725	54,590	68,330	788,231

NOTE: This projection is based on standard taxes of 16-9-50, i.e. on rates equal to the federal withdrawal. The provincial governments will be free to levy higher or lower rates than these and if they do so their receipts will be correspondingly higher or lower. In this connection, the projected yield of 1 per cent of the individual income tax for 1962-63 for all provinces is $19,427,000 and the projected yield of 1per cent of the net taxable income of corporations for 1962-63 for all provinces is $34,441,000.

(1) Does not include the additional grant of $8 million per annum to Newfoundland.

NATURAL RESOURCE REVENUE

BY PROVINCE

(in thousands of dollars and dollars per capita)

—	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
I. Population											
1956	415	99	695	555	4,628	5,405	850	881	1,123	1,398	16,049
1957	426	99	702	565	4,758	5,622	860	879	1,160	1,487	16,558
1958	438	100	710	577	4,884	5,803	870	888	1,201	1,544	17,015
Three year average	426	99	702	566	4,757	5,610	860	883	1,161	1,476	16,540
II. Natural resource revenue											
1956	819	17	1,641	4,289	36,106	29,332	5,012	23,803	140,626	46,180	287,825
1957	1,495	15	1,326	4,078	33,399	33,191	4,423	26,045	131,857	42,118	277,947
1958	1,593	23	1,286	3,567	29,848	31,619	3,730	23,945	118,320	44,768	258,699
Three year average	1,302	18	1,418	3,978	33,118	31,381	4,388	24,598	130,268	44,355	274,824
III. Natural resource revenue per capita											
1956	1.97	.17	2.36	7.73	7.80	5.43	5.90	27.02	125.22	33.03	17.93
1957	3.51	.15	1.89	7.22	7.02	5.90	5.14	29.63	113.67	28.32	16.79
1958	3.64	.23	1.81	6.18	6.11	5.45	4.29	26.97	98.52	28.99	15.20
Three year average	3.05	.18	2.02	7.03	6.96	5.59	5.10	27.87	112.17	30.04	16.62

SOURCE: D.B.S. Statistics.

Illustrative Effect of Including Provincial Natural Resource Revenues with Standard Taxes of 16–9–50 with equalization to the national average using 1960–61 as basis for standard taxes and 1956–57 to 1958–59 as basis for provincial natural resource revenue

(all dollar figures except per capitas in thousands)

——	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
1. Population 1960 D.B.S. (000)	459	103	723	600	5,106	6,089	899	910	1,283	1,606	17,778
Yield of standard taxes	$	$	$	$	$	$	$	$	$	$	$
2. Individual income tax (16%)	2,479	420	5,561	3,990	62,482	131,477	13,171	9,386	20,609	32,365	281,940
3. Corporation income tax (9%)	2,718	663	5,137	4,380	75,645	126,909	11,729	8,053	18,731	27,184	281,149
4. Succession duty (50%)	258	118	1,095	1,011	13,940	24,051	1,473	929	1,938	6,099	50,912
5. Total yield of standard taxes	5,455	1,201	11,793	9,381	152,067	282,437	26,373	18,368	41,278	65,648	614,001
per capita	11.88	11.66	16.31	15.64	29.78	46.38	29.34	20.18	32.17	40.88	34.54
Provincial natural resource revenue											
6. 1956–57	819	17	1,641	4,289	36,106	29,332	5,012	23,803	140,626	46,180	287,825
7. 1957–58	1,495	15	1,326	4,078	33,399	33,191	4,423	26,045	131,857	42,118	277,947
8. 1958–59	1,593	23	1,286	3,567	29,848	31,619	3,730	23,945	118,320	44,768	258,699
9. Three year total	3,907	55	4,253	11,934	99,353	94,142	13,165	73,793	390,803	133,066	824,471
Three year average	1,302	18	1,418	3,978	33,118	31,381	4,388	24,598	130,268	44,355	274,824
50% of three year average	651	9	709	1,989	16,559	15,691	2,194	12,299	65,134	22,178	137,413
per capita	1.42	.09	.98	3.32	3.24	2.58	2.44	13.52	50.77	13.81	7.73
Equalization											
10. Difference in yield of standard taxes per capita from national average per capita ($34.54)	−22.66	−22.88	−18.23	−18.90	−4.76	+11.84	−5.20	−14.36	−2.37	+6.34	
11. Difference in yield of 50% of three year average of provincial natural resource revenue per capita from the national average per capita ($7.73)	−6.31	−7.64	−6.75	−4.41	−4.49	−5.15	−5.29	+5.79	+43.04	+6.08	
12. Total difference in yield of standard taxes and provincial natural resource revenue per capita from the national average	−28.97	−30.52	−24.98	−23.31	−9.25	+6.69	−10.49	−8.57	+40.67	+12.42	
13. Equalization for provinces below national average	13,297	3,144	18,061	13,986	47,231	—	9,431	7,799	—	—	112,949
(Equalization attributable to inclusion of provincial natural resource revenue)	(2,896)	(787)	(4,880)	(2,646)	(22,926)	—	(4,756)	(−5,269)	—	—	(33,622)

NOTE: Guaranteed equalization not included above.

HOUSE OF COMMONS

Wednesday, March 8, 1961

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

FURTHER ANNOUNCEMENT ON VISIT OF UNITED KINGDOM PRIME MINISTER

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, on February 17 the Prime Minister announced that Right Hon. Harold Macmillan, Prime Minister of the United Kingdom, accompanied by Lady Dorothy, would be paying a brief visit to Ottawa on April 7 and 8. Hon. members will have heard with great pleasure on today's news broadcast that the visit is now to be of longer duration. As a result of talks which Mr. Diefenbaker had yesterday in London, the dates of the visit are now arranged for April 8 to April 12.

Mr. Macmillan and Lady Dorothy will be the guests of Their Excellencies the Governor General and Madame Vanier during their stay in Ottawa. As they are arriving here on a Saturday it is planned that they shall spend a quiet week end, which will then be followed by two days of talks with ministers on questions of mutual concern.

The United Kingdom Prime Minister will be arriving in Ottawa from Washington, where he will just have completed talks with President Kennedy. As the right hon. Prime Minister said in the house on February 16 when he first expressed the hope that Mr. Macmillan might visit Canada, it has become a welcome custom that whenever the United Kingdom Prime Minister has visited the president of the United States for consultations, he has almost invariably visited Canada either before or after. Such visits are not only useful but give us a great deal of pleasure, and I am sure all members of the house will welcome the news that Right Hon. Mr. Macmillan and Lady Dorothy have found it possible to spend a few days with us here in Ottawa.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure all members of the house will have welcomed the statement made by the Acting Prime Minister. I know that the Prime Minister of the United Kingdom and his wife will receive the warm welcome which is traditionally accorded prime ministers of the United Kingdom, and I hope their stay in Canada will be both useful and pleasant.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, since the visit of the Prime Minister of the United Kingdom is to be of longer duration, and since parliament will be in session for part of that time, I would hope that it might be possible for the Prime Minister of the United Kingdom, as I suggested earlier, to address a joint session of both houses of parliament.

I would think these talks could be very useful, particularly on the return of the Prime Minister of the United Kingdom from the United States. As we all so well know, there are many urgent outstanding world problems that require the attention of the leaders of the world. I am certain that discussions between our own Prime Minister and Prime Minister Macmillan regarding trade questions and questions involving the peace of the world would be particularly useful following his discussions with President Kennedy.

Mr. Green: Mr. Speaker, perhaps the house will bear with me with regard to the suggestion made by the hon. member for Assiniboia to the effect that Mr. Macmillan should be asked to address the members of the Senate and House of Commons. I am not yet in a position to announce whether that will be possible, but I am hoping it will be.

LABOUR CONDITIONS

ANNOUNCEMENT OF REGULATIONS RESPECTING ACCELERATED DEPRECIATION OF ASSETS

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, I should like to inform the house that the regulations providing for special capital cost allowances have been printed and are being distributed today to members of both houses and other interested parties. These regulations provide that accelerated depreciation may be claimed in respect of most types of assets acquired after December 31, 1960, if the assets are used in making a product not previously produced in Canada or in a surplus manpower area. Such assets are eligible for double depreciation for one year on the basis of the capital expenditure incurred for such equipment. The extra allowance can be applied in any of the first three years after the asset is acquired.

Companies acquiring assets which they believe may be eligible for special capital cost allowances should communicate with the depreciation certification branch, Department of Trade and Commerce, Ottawa. Copies of

an explanatory memorandum, the regulations and application forms will be sent to them. This material is available in French and English.

Municipal or area authorities wishing to have their localities or areas designated as surplus manpower areas should communicate with the Department of Labour, which will be responsible for receiving and studying such applications.

Hon. Paul Martin (Essex East): Mr. Speaker, I am sure the Minister of Trade and Commerce will not expect us not to be surprised by the announcement he has just made, in view of the reply he made to me last week when I asked him if he was going to have anything to do with this program. He said no.

Mr. Hees: No.

Mr. Martin (Essex East): Later the Prime Minister informed the house that the Minister of Labour would be charged with the administration of this matter and, indeed, in that connection the Minister of Labour did make an announcement, not satisfactory, of course, in content; but now we are told by the Minister of Trade and Commerce, notwithstanding his disclaimer, that he is in fact going to have something to do with this program which we should have an opportunity of discussing at the earliest possible moment.

I can only say, Mr. Speaker, that until such time as we have given further study to the announcement made by the minister, the fact that he has made this announcement only indicates the confusion and uncertainty on the government benches.

Mr. Hazen Argue (Assiniboia): We are glad the government is showing some progress, in that it has now announced in a more specific way certain terms of the policy that was first indicated in this house some days ago. We make the suggestion, Mr. Speaker, that the formula requires further study; that it should be a formula which would allow this kind of depreciation in localities where there is a surplus of workers today, in depressed areas, and it should be much different from the formula which was announced in this house. In applying this formula the government should make certain that the main depressed areas of this country can comply with this double depreciation provision.

Mr. Hees: Mr. Speaker, in speaking to this announcement the hon. member for Essex East—

Mr. Chevrier: On a point of order Mr. Speaker, Your Honour decided the other day very clearly in connection with other statements which were made that once the minister had made a statement and there was an opportunity for reply, there should be no further opportunity for re-reply.

Mr. Speaker: That is correct. I am not sure why the minister is rising, but I shall find out in due course.

Mr. Hees: Mr. Speaker, I might use the device used every day by the members of the opposition, when they rise on questions of privilege, to clarify an erroneous statement made by the hon. member for Essex East. He claimed that I said something the other day which I did not say—

Mr. Chevrier: That is not privilege.

Mr. Speaker: Order. If the minister feels that a misinterpretation has been put upon his statement I have said before, and I repeat, that he, as any member, has the right to rise to correct an erroneous interpretation which has been put upon a factual statement. If it is limited to that I do not think I should prevent him from making that correction. However, it is well settled that he would not be in order simply to reply to a comment which had been made on the original statement.

Mr. Hees: Mr. Speaker, when asked that question some time ago by the hon. member for Essex East I said that it had to do, as I remembered it, with the designation of surplus manpower areas. At that time I said that was not my responsibility but the responsibility of the Minister of Labour, and that, of course, is the case. My responsibility and the responsibility of my department is to deal with new products and new processes, and I have never for a moment said that was not a responsibility of my department.

NATIONAL DEFENCE

PETAWAWA—STATEMENT ON RESULTS OF INVESTIGATION

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, on March 1 I advised the house that it had been decided to send three officers to Petawawa to look into the matter of the Canadian Guards regimental sailing club. As a result of this investigation it would appear that some degree of compulsion was used to secure the payment of membership fees in the club, and that the information sent to headquarters, on the basis of which I answered questions in the house, was not accurate.

These are both serious matters which warrant a more formal investigation. The chief of the general staff has convened a board of inquiry to inquire into and report upon allegations of irregularities regarding membership

in the Canadian Guards sailing club and the accuracy of the reports submitted in that connection. In fairness to all concerned, I do not believe that any further statement should be made until the results of this inquiry are known.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, do I understand that the view of the minister now is that there was some evidence of compulsion, and that he therefore is now ordering a further investigation in that regard?

Mr. Harkness: If the hon. member will read my statement when it appears in *Hansard* I believe the situation will be quite clear. I do not think there is any need for me to make any further statement in regard to the matter.

GRAIN

REPORT ON CONFERENCE TO EXPEDITE MOVEMENT THROUGH PACIFIC COAST PORTS

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, I should like to give the house an interim report on the conference held in Vancouver on Monday and Tuesday and continuing today with regard to expediting the movement of grain through west coast ports. There were some 40 senior officers representing 18 different organizations in attendance, and it is my belief that this was a perfect example of a productivity council in action. The grain gathering companies from the prairies, the two great railway companies, the two labour unions affected, the merchants exchange, the grain exchange and the government agencies concerned pooled their information, and as a result I believe I am able to say now that there will be an increase ranging from 15 to 25 per cent in the movement of grain out of these ports in the next few months.

I was asked at the meeting to correct an erroneous statement by the hon. member for Vancouver East which appears in *Hansard* for last Wednesday, the day I announced the conference. At that time he said, as found on page 2593 of *Hansard*:

> It is many, many years since there have been any extensions to the port of Vancouver. As a matter of fact, the facilities of the port are less now than they were as a result of a fire many years ago. The facilities lost then have never been replaced.

I simply want to say at this time that when I was in Vancouver I was given enough information by people there who are very proud of their port to indicate that this statement was wrong, and I will give the hon. member all the statistics I have to that effect. I simply want to say that there have been many facilities added to the port in the last few years, including storage for grain to the extent of an additional capacity of three or four million bushels.

Finally, may I say that I think the conference will result in a permanent body being set up for liaison and the co-ordination of the movement of grain through the western ports. A permanent body will also be set up, I hope, to handle public relations that involve several organizations.

Mr. Winch: On a question of privilege, Mr. Speaker, I should like to ask the minister to tell us what additional facilities have been added in the past few years.

Mr. Speaker: Perhaps the hon. member would ask his question on the orders of the day.

Mr. Winch: I certainly will, sir.

[*Later:*]

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Agriculture. Is he in a position to report to the house on the recent conference in Vancouver relative to the loading and shipping facilities in the port of Vancouver, especially with reference to wheat? Can he advise the house what recommendations were made as a result of the conference he called, and his reaction to those recommendations?

Hon. Alvin Hamilton (Minister of Agriculture): First of all, Mr. Speaker, the person making the recommendations to the conference was the Minister of Agriculture. I asked the representatives of these 18 organizations to see what they could do about speeding up the movement of grain through west coast ports in view of the market situation. I suggested several things to them and they promised their co-operation. The meeting broke up into committees yesterday afternoon and those committees are continuing to meet today and possibly tomorrow. I will not know until the meetings have been completed just what final steps will be taken. However, from what I heard yesterday I believe I can assure the house that the suggestion I made of an increase of 15 per cent to 25 per cent in shipments through the port will be realized.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question of the minister. Has he any comment to make on the recent complaints concerning the movement of wheat out of the port of Vancouver, namely that one ship was delayed 28 days in loading, while three Russian ships had been waiting 11 days before they could be loaded? The delay in the first case cost approximately $30,000.

Mr. Hamilton (Qu'Appelle): In answer to that question I may say that the handling of grain through any port is a very complicated

business. Before the conference I was under the impression that there was a lack of co-ordination in the handling of this movement as among these 18 organizations, but I think the conference established that these things can be ameliorated.

In so far as the tie-up of ships a week or 10 days ago is concerned, I think that can be explained to some degree by the fact that a number of ships arrived at once. As an illustration of this point, may I say that today we expected five ships to enter the harbour. They did not come because of storms on the Pacific. They are expected in today or tomorrow, but there are three berths lying idle today. We are not loading to maximum capacity. These things cannot be prevented by any amount of planning. What we are trying to do is to set up a permanent liaison group which will funnel information to all the groups concerned so there will be no tie-up for which we can be held responsible for lack of planning.

Mr. Chevrier: Will the minister comment on statements made in Vancouver that the government, not the board, made the sale to the Chinese, and the government failed to advise the board about these special requirements?

Mr. Hamilton (Qu'Appelle): I do not think the press reports are altogether accurate. We made the announcement publicly in the house, which would be the first official warning they would have of the sale. The responsibility in the next stage would be that of the agents hired by the Chinese resources company to make known when these ships were going to arrive. A responsibility then would devolve upon the Canadian wheat board to berth these ships at the various berths where the grades required were available. Of course it is the responsibility of the board to get these grades into the port ahead of time.

I believe that as a result of suddenly moving the port up to capacity a number of things happened about which we have heard. I cannot guarantee that there will not be more of these tie-ups. It is my judgment that there will be more than we have had in the past, because we are trying to use the facilities to maximum capacity and when you do that there are bound to be these tie-ups.

Mr. Frank Howard (Skeena): I wonder if I could ask the minister a supplementary question. Can he say whether representatives either from the city or from organizations in Prince Rupert were invited to this particular conference?

[Mr. Hamilton (Qu'Appelle).]

Mr. Hamilton (Qu'Appelle): The representatives who would take care of the interests of the elevators in Prince Rupert were the national harbours board, which handles the whole operation in connection with the harbour, and the board of grain commissioners which operates the elevator at Prince Rupert. I did receive a telegram from the mayor of Prince Rupert, and I should like to assure the hon. member that Prince Rupert will be used to full capacity this year.

Mr. Winch: May I ask a supplementary question. Can the minister inform us whether the reported statement is correct that Canada would have been able to sell more wheat to Asian countries if the port of Vancouver had been able to handle it? This statement appeared in newspapers, and I wondered if the minister would say whether or not it was correct.

Mr. Hamilton (Qu'Appelle): Yes, I think the statement is generally correct, and for this reason. We received more orders for delivery through Vancouver than we could handle, and had to try to divert these orders to other ports.

[*Later:*]

Mr. Winch: May I take advantage of a most unique opportunity and direct a question to the hon. member for Vancouver-Quadra, the Secretary of State for External Affairs, the Acting Prime Minister, and ask him whether, in all his capacities, he has noted the answers given by the Minister of Agriculture as to a conference held in Vancouver. May I further ask the hon. gentleman whether in view of the answers which were given to the effect that certain sales have been lost by Canada because of the lack of facilities—

Mr. Speaker: Order. The hon. member's question seems to present a glimpse of the obvious, because the Acting Prime Minister sat through all these proceedings with the rest of us.

AGRICULTURE

FARM MACHINERY PRICES—CONTINUATION OF INQUIRY BY STANDING COMMITTEE

On the order: Government notices of motion:

March 6—The Minister of Agriculture—The following proposed motion:—

That the standing committee on agriculture and colonization be empowered to continue its inquiry into the question of prices of farm machinery as recommended by the said committee in its fourth report presented to the house July 28, 1960, and that the committee's minutes of proceedings and evidence with regard to this inquiry at the last session be referred to the said committee.

Mr. Speaker: Pursuant to section 2 of standing order 21, this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

STARRED QUESTIONS

RECEPTIONIST, SUNNYBROOK MILITARY HOSPITAL

Question No. 167—**Mr. Hellyer:**

1. Is it the intention to dispense with the position of receptionist at Sunnybrook military hospital, Toronto?
2. Have any representations been received on this point?
3. If so, from what organizations, and what reply has the government made?

Mr. H. F. Jones (Parliamentary Secretary to the Minister of Veterans Affairs):

1. Yes.
2. Yes.
3. The united council of veterans associations of Hamilton and district. The reply given was that the decision was made only after very careful consideration of all the factors involved.

"EDITION SPECIALE"—MODERATOR'S TRAVELLING EXPENSES

Question No. 169—**Mr. Tremblay:**

1. Does the moderator of the program "Edition Speciale", televised on the French network each Sunday night, receive special remuneration for travelling expenses?
2. If so, what is the amount of such remuneration?

(Translation):

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): Mr. Speaker, the answer to the first part of the question is no. As far as the second part is concerned, there is no answer.

(Text):

C.B.C. BUILDING, MONTREAL—ALTERATION TENDERS

Question No. 170—**Mr. Tremblay:**

1. Has the Canadian Broadcasting Corporation invited, during January 1961, public tenders for alteration work to its building located at 1425 Dorchester boulevard, Montreal, Quebec?
2. If so, what are the names of the tenderers, what is the amount of each tender, and to whom was the contract finally awarded?

(Translation):

THE C.B.C.—PUBLIC TENDERS

Question No. 170—**Mr. Tremblay:**

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): Mr. Speaker, the answer to the first part of the question is the following: Four companies were invited to submit tenders. With regard to the second part of the question, the answer is that the following companies have been invited to submit tenders: Cook & Leitch, Deschamps & Belanger, Raymond Matte, Robert M. Miller.

The contract was awarded to the lowest tenderer: Cook & Leitch.

The Canadian Broadcasting Corporation feels that it is not in the public interest to reveal the amounts of the tenders received.

(Text):

CKY-FM, WINNIPEG—PROTESTS

Question No. 171—**Mr. Benidickson:**

1. How many communications have been received by the board of broadcast governors from (a) known T.V. service persons wanting to instal antennas, and (b) other persons, protesting that approval of an application by CKY Winnipeg, for FM broadcast rights on frequency 103.1 might interfere with reception by viewers in Manitoba from Pembina, North Dakota, T.V. station KCND?
2. Which frequencies other than 103.1 might be provided under international treaty arrangements or otherwise for assignment by the board of broadcast governors to a Winnipeg area applicant seeking a licence for a frequency modulation station?
3. (a) Has the board of broadcast governors received any information that a new U.S.A. defence radar station near Baudette, Minnesota, will be utilizing an FM frequency likely to interfere with T.V. reception from Channel 7, Winnipeg, to the detriment of Canadian T.V. viewers in the Rainy river district of Ontario? (b) if so, does the board of broadcast governors understand that a decision respecting frequency 103.1 unnecessarily inconsiderate respecting United States T.V. station KCND, North Dakota, would tend to nullify Canadian protests to the U.S. government against the proposed American use of a frequency at Baudette, Minnesota, that would eliminate reception at Rainy river of T.V. programs from a Canadian source?

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): Mr. Speaker, the answer to this question is rather lengthy and I would ask the permission of the house to have the reply printed in *Hansard* without reading it.

Mr. Speaker: Does the house give its concurrence to the suggestion of the hon. parliamentary secretary?

Some hon. Members: Agreed.

[*Editor's note: The text of the above reply is as follows:*]

1. The board of broadcast governors has received six letters and three telegrams, one of which was signed by 52 radio and television dealers from known T.V. service persons wanting to instal antennas and 85 letters and petitions and 62 telegrams from other persons protesting that approval of an application by CKY, Winnipeg, for FM broadcast rights on the frequency of 103.1 megacycles might interfere with reception by viewers in Manitoba from Pembina, North Dakota, T.V. station KCND.

2. I am advised by the Department of Transport that the following frequencies other than 103.1 megacycles would be available to any person making an application for an FM station in Winnipeg:

Starred Questions

Channel Number	Frequency—Mc/s
221	92.1
232	94.3
252	98.3
272	102.3

The foregoing are in accordance with the present international agreement.

It is possible that additional channels could be allocated if needed but there would have to be special negotiations conducted with the U.S.A.

An applicant seeking a licence for a frequency modulation station selects a channel for the station on the advice of his broadcast engineering consultant, usually from the list of channels available. Some channels are more desirable than others from the standpoint of freedom from interfering effects and this can be taken into account by the engineering consultant.

3. Although the board of broadcast governors understands that a new U.S. military radar station is being built near Baudette, Minnesota, it has no information as to the technical aspects of this station. These matters would be in the responsibility of the Department of Transport and the Department of National Defence and any formal information on the station would come to the board through the Department of Transport.

AUTAIR HELICOPTER SERVICES LTD.—1960 CONTRACT

Question No. 173—**Mr. Chevrier:**

1. Did Autair Helicopter Services Limited obtain a contract or contracts from the Department of Mines and Technical Surveys for the continental polar shelf project and for topographical work in 1960?
2. What was the amount of such contract or contracts?
3. How much was paid to Autair Helicopter Services Limited in 1960?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): This question is in three parts, Mr. Speaker. The answer to part No. 1 is that Autair were awarded one contract for helicopter services required on the polar continental shelf project in 1960.

The answer to part 2 is, estimated $183,500.

The answer to part 3 is $137,551.36.

AUTAIR HELICOPTER SERVICES LTD.—1961 CONTRACT

Question No. 174—**Mr. Chevrier:**

1. Has Autair Helicopter Services Limited a contract or contracts from the Department of Mines and Technical Surveys for the continental polar shelf project for 1961?
2. If so, were tenders called, and who were the other tenderers?
3. Did Autair submit the lowest tender?

[Mr. Speaker.]

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, this question is also in three parts. The answer to part No. 1 is, no. A letter of intent was, however, sent to Autair on February 23, 1961 pending, and subject to, final consideration by the treasury board who, on March 2, 1961, approved our proposal.

The answer to part 2 is that we do not call tenders in those cases where rates are filed with the air transport board. We do, however, review the rates of all companies considered capable of performing the service before making our selection.

The answer to part 3 is that an economic assessment of the applicable air transport board rates and associated costs made by my department indicates that the services of Autair would result in the lowest over-all cost to the government of Canada.

AUTAIR HELICOPTER SERVICES LTD.—TOPOGRAPHICAL SURVEY

Question No. 175—**Mr. Chevrier:**

1. Has Autair Helicopter Services Limited a contract or contracts from the Department of Mines and Technical Surveys for a topographical survey in northern Canada?
2. If so, were tenders called, and who were the other tenderers?
3. Did Autair submit the lowest tender?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, the question is again in three parts. The answers given to the previous question, namely No. 174, apply to this one also.

GATT—ADJUSTMENTS FOLLOWING CUSTOMS TARIFF AMENDMENT

Question No. 176—**Mr. Benidickson:**

Which contracting countries signatory to the general agreement on tariffs and trade up to the date of reply, have intimated to Canadian government representatives in Canada or abroad, that they will expect Canada to negotiate compensatory tariff adjustments or give trade concessions, in the event that the Customs Tariff is amended in accordance with the terms outlined in a resolution therefor introduced by the Minister of Finance on December 20, 1960?

Hon. Donald M. Fleming (Minister of Finance): To use the language of the question, Mr. Speaker, I would say that "no contracting parties signatory to the general agreement on tariffs and trade ... have intimated to Canadian government representatives in Canada or abroad that they will expect Canada to negotiate compensatory tariff adjustments or give trade concessions in the event that the Customs Tariff is amended in accordance with the terms outlined in a resolution therefor introduced by the Minister of Finance on December 20, 1960".

There have been discussions, as I think I intimated on an earlier occasion, with both the United Kingdom and the United States governments concerning the significance of the proposed amendment. Some of these discussions actually date back to the time before the terms of the proposed amendment were made known.

The United Kingdom government has intimated that it will be interested in the administration of the proposed amendment, and reserves whatever rights it may possess.

EXTERNAL AFFAIRS LONG DISTANCE CALLS—SECRECY PRECAUTIONS

Question No. 177—**Mr. Martin (Essex East):**

1. What precautions are taken by the government and by the Department of External Affairs to ensure privacy and secrecy in long distance telephone calls between Ottawa offices and Canadian missions outside of Canada, particularly at the United Nations?

2. Has the Canadian government a private telephone line to the Canadian mission at the United Nations, or must long distance calls go through the United Nations switchboard?

3. Has any instance been reported to the Canadian government of a leak of private or secret information as a result of telephone discussions between government officials in Ottawa and members of Canadian missions at the United Nations, or elsewhere?

4. If so, what were the circumstances, and the location, in any such instance?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, the answer to the various parts of this question are as follows:

1. Telephone communications, including those extending beyond Canada generally are considered to be insecure. Users of the telephone, therefore, are cautioned not to discuss sensitive classified matters on this medium of communication. There are, of course, adequate and secure means by which the Canadian government communicates with its representatives abroad, including the Canadian delegation to the United Nations.

2. The answer to both parts of this question is no. However, when delegates receive telephone calls at the United Nations headquarters, these obviously go through the United Nations switchboard.

3. The answer is no.

4. This question has been answered by my reply to question No. 3.

C.N.R. PENSIONS, RETIRED EMPLOYEES

Question No. 178—**Mr. Argue:**

1. How many retired employees of the Canadian National Railways are in receipt of pensions of less than $25 per month?

2. How many are in receipt of only the basic pension of $25 per month?

3. How many are in receipt of non-contributory service pensions (a) $25.01 to $29.99 per month (b) $30 to $39.99 per month (c) $40 to $49.99 per month (d) $50 to $59.99 per month (e) $60 to $69.99 per month (f) $70 to $79.99 per month (g) $80 to $89.99 per month (h) $90 to $99.99 per month (i) $100 to $124.99 per month (j) $125 to $149.99 per month (k) $150 or over per month?

4. How many are in receipt of pensions in part basic and in part contributory (a) $25.01 to $29.99 per month (b) $30 to $39.99 per month (c) $40 to $49.99 per month (d) $50 to $59.99 per month (e) $60 to $69.99 per month (f) $70 to $79.99 per month (g) $80 to $89.99 per month (h) $90 to $99.99 per month (i) $100 to $124.99 per month (j) $125 to $149.99 per month (k) $150 or over per month?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the answer to this question is in the form of a statistical table. I wonder whether it could be printed in *Hansard*.

Mr. Speaker: Does the house give its concurrence to the suggestion made by the minister?

Some hon. Members: Agreed.

[*Editor's note: The statistical table referred to above is on p. 2776.*]

U.S. RESTRICTIONS ON TOURIST IMPORTS

Question No. 179—**Mr. Badanai:**

1. Has the government given any consideration to the effect which the lowering of the exemption of returning American tourists from $500 to $100 has on Canadian business?

2. Is the government considering some representation to the Washington administration with regard to this legislation, especially in view of our unfavourable trade balance with the United States?

Mr. E. L. Morris (Parliamentary Secretary to the Minister of Trade and Commerce): Mr. Speaker, there is nothing to add at this time to the answer given by the Prime Minister when he replied to a similar question on February 7, as recorded on page 1795 of *Hansard*.

R.C.A.F. REPAIRS, FAIREY AVIATION PLANT, VICTORIA

Question No. 180—**Mr. Badanai:**

1. Have any representations been received by the government from the labour unions in Victoria, B.C., requesting that R.C.A.F. planes be serviced for repairs at the Fairey aviation plant, Victoria, B.C.?

2. If so, what bodies have made such representations, and what reply has been given by the government?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, the answers to the two parts of the question are as follows:

1. Yes.

2. Representations have been made by the Victoria labour council and by the international association of machinists.

I wish to have printed in *Hansard* copies of telegrams and letters addressed to the Prime Minister and myself and the answers

CLASSIFICATION OF PENSIONS PAYABLE TO RETIRED EMPLOYEES BY CANADIAN NATIONAL RAILWAYS AT DECEMBER 31, 1960

Monthly Pensions Payable	Non-Contributory			Contributory					Total number of pensions payable
	C.N.R. pension plans			C.N.R. pension plans		I.C. and P.E.I. Rys. employees provident fund	G.T.R. superannuation fund	Total	
	Pre-1935 Plan	1935 Plan	Total	1935 Plan	1959 Plan				
Under $25.00	1	172	173	78	80	—	—	158	331
$ 25.00 (Basic pension)	18	2,708	2,726	23	—	—	—	23	2,749
$ 25.01 to $ 29.99	5	747	752	302	46	—	1	349	1,101
$ 30.00 to $ 39.99	8	598	606	926	213	229	1	1,369	1,975
$ 40.00 to $ 49.99	8	335	343	640	402	150	1	1,193	1,536
$ 50.00 to $ 59.99	7	129	136	321	474	155	—	950	1,086
$ 60.00 to $ 69.99	3	55	58	172	603	192	2	969	1,027
$ 70.00 to $ 79.99	2	31	33	91	706	214	—	1,011	1,044
$ 80.00 to $ 89.99	2	11	13	66	810	213	4	1,093	1,106
$ 90.00 to $ 99.99	1	9	10	37	826	216	4	1,083	1,093
$100.00 to $124.99	1	13	14	34	1,960	634	14	2,642	2,656
$125.00 to $149.99	1	7	8	10	1,616	588	6	2,220	2,228
$150.00 or over	2	5	7	4	3,533	1,537	23	5,097	5,104
TOTAL	59	4,820	4,879	2,704	11,269	4,128	56	18,157	23,036

NOTE: In a number of cases the above figures do not indicate the total pensions payable to employees for railway service. Pensions payable by the C.N.R. to international employees (service in both Canada and the United States) relate to their service in Canada only. Such employees also receive annuities payable under the U.S. railroad retirement act or the social security act for service performed in the United States. For example, in the group receiving pensions of under $25 from the C.N.R., there are over 60 former international employees who also receive U.S. railroad retirement or social security annuities in respect of C.N.R. service rendered in the United States. The balance of this group consists of employees who elected early retirement (before age 65) with reduced basic ($25) pensions, and employees who had very short service and small contributions.

that have been forwarded to the international association of machinists. I would ask to have this correspondence printed in *Hansard.*

Mr. Speaker: Will the minister indicate the extent of the correspondence?

Mr. O'Hurley: Five pages, Mr. Speaker.

Mr. Speaker: Is it agreed that the correspondence asked for in this question be printed with the answer?

Some hon. Members: Agreed.

(Editor's note: The correspondence referred to above is as follows:)

January 18, 1961—Telegram to the Prime Minister from Mr. Angus Keiller, president, Lodge No. 456, I.A. of M., c/o Fairey Aviation Company of Canada Limited, Patricia Bay airport, B.C.

"It is come to our attention that twelve Neptune aircraft based at Comox BC will be flown out of the province for painting at Victoria airport Fairey Aviation has all the men and facilities for carrying out this work as you are aware the unemployment situation in the Victoria district is acute and if Fairey Aviation were forced to close due to lack of military work it would be disastrous as most of our members are employed by Fairey Aviation the only aircraft overhaul plant on Vancouver Island would you sir on our behalf intervene to divert at least some of this work to Fairey Aviation trusting this meets with your favourable consideration."

January 26, 1961—Telegraphic reply from the secretary to the Prime Minister to Mr. Keiller*

"With reference to your telegram of January 18 I would advise you that the awarding of the contract for the painting of eleven Neptunes based at Comox was decided as the result of competitive tenders and the lowest tenderer is being awarded the contract stop all firms in the western area who are considered to be in a position to complete this work satisfactorily were invited to tender and in each case the firms were suffering from serious cut-backs in employment stop the competitive tender is the normal way for the Department of Defence Production to do business stop I can assure you however that with respect to any other work that may arise which Fairey Aviation at Patricia Bay are capable of carrying out this company will be invited to tender under the normal practice stop"

January 18, 1961—Letter from Mr. A. W. Toone, secretary treasurer, Victoria labour council to Hon. Raymond O'Hurley:

"This council has in the past requested the allocation of work on behalf of the Department of National Defence to the plant of Fairey Aviation Company of Canada Limited, Sidney, B.C. may we again urge that consideration be given to this.

We are given to understand that painting, servicing and overhauling of aircraft of the Department of National Defence in this area is sent out of this province to be done, when the facilities for such work are available at the Sidney plant within a very short distance of the aircraft base.

Over the years, this plant has obtained the required tools and experienced personnel to deal with such work, without which both the industry and the jobs will be lost to this area, with the resulting increase in unemployment.

In view of the overall economy, we believe that this industry should be encouraged on Vancouver Island, and every effort made to maintain the craftsman in employment.

We therefore trust that favourable consideration will be given to the allocation of work to this plant; and we look forward to your assurance in this regard."

February 6, 1961—Reply letter from Hon. Raymond O'Hurley to Mr. Toone—

"I have your letter dated January 18, 1961, in which you request that consideration be given to the allocation of defence work to the plant of the Fairey Aviation Company of Canada Limited, Sidney, B.C. You refer specifically to a recent requirement for the painting of eleven Neptune aircraft which, as a result of competitive tender, was allocated out of your area.

In reply I would state that as this requirement had never previously been carried out by any of our western contractors it was decided by my department that the requirement should be thrown open to competition. An additional consideration leading to this decision was the progressive decline in workload, with resultant lay-offs, at all plants west of and including Winnipeg. My department was of the opinion that a competitive tender would serve a dual purpose, in that it not only would result in the utmost in economies, but would also bolster the morale of the contractors concerned by affording them an opportunity to gain additional work on their own merits. The Fairey Aviation Company of Canada Limited was one of three companies invited to tender, but quoted a figure considerably higher than the lowest tenderer, who was ultimately selected to perform the work.

Starred Questions

We concur in your general comments concerning the overall economy of the area, and in particular to the need for ensuring that the Fairey Aviation Company of Canada Limited be given every opportunity to compete for such work as they are qualified and equipped to perform. You have my assurance that these considerations will always be borne in mind by my department when dealing with future requirements in your area."

February 1, 1961—Letter to the Prime Minister from Mr. A. W. Toone, Victoria labour council—

"I enclose a copy of a letter sent from this office to the Honourable Raymond J. M. O'Hurley, Minister of Defence Production, to which I have received no reply to date, but which will give you information on the subject matter of this letter.

The telegram sent from your office to the International Association of Machinists, Local 456, has been drawn to my attention and, in view of this, I hasten to write to you, urging that work be allocated to this plant of Fairey Aviation Company of Canada located at Sidney, B.C.

I am sure that you will understand our concern that this plant be given every opportunity to continue in operation; and trust that you will give urgent and favourable consideration to the above, and that, in the future, Fairey Aviation at Patricia Bay will be given every opportunity to tender on any work which they are capable of carrying out."

February 7, 1961—Reply to Mr. A. W. Toone on behalf of the prime minister's office by Claude Gauthier, secretary—

"I wish to acknowledge your letter of February 1st to the Prime Minister, enclosing copy of your letter of January 18 to the Minister of Defence Production with regard to the award of a recent contract for painting Neptune aircraft.

Please be assured that your representations have been noted and forwarded, at Mr. Diefenbaker's suggestion, to his colleague, the Minister of Defence Production. May I also repeat the assurance which was given in my telegram to the international association of machinists, local 456, that with respect to any other work that may arise which Fairey Aviation at Patricia Bay are capable of carrying out; this company will be invited to tender under the normal practice."

NATIONAL DEFENCE—TRANSPORT OF SUPPLIES TO PATRICIA BAY

Question No. 181—**Mr. Herridge:**

1. What firm or person has the contract for the hauling of defence department supplies from Comox to Patricia Bay?

[Mr. Speaker.]

2. Are building materials destined for Patricia Bay first shipped to Comox and then back to Patricia Bay? If so, what is the reason for this arrangement?

Mr. Egan Chambers (Parliamentary Secretary to the Minister of National Defence): The answer is as follows:

1. There is no contract between the Department of National Defence and any particular firm for the transportation of material from Comox to Patricia Bay.

2. Records of the department do not indicate any recent shipments of building materials from Comox to Patricia Bay. If the hon. member has some information about a particular case he would like investigated, the department would be happy to look into such a matter for him.

T.C.A. LANDING FEES

Question No. 182—**Mr. Badanai:**

1. Is Trans-Canada Air Lines charging landing fees at Canadian airports?
2. If so, what is the charge for aircraft such as Viscounts, Jet air liners?
3. What are the landing fees charged to foreign air liners (a) Viscount class (b) Comet (c) Jet?

Hon. Leon Balcer (Minister of Transport): The answer to part 1 of this question is that Trans-Canada Air Lines do not operate any airports and consequently do not impose landing fees.

The answer to parts 2 and 3 is that aircraft landing fees charged to air liners by the Department of Transport are based on rates per thousand pounds gross take-off weight and vary depending on whether the flight is domestic, transborder or transoceanic. The following fees will be assessed for the aircraft in question:

	Maximum Gross Take-off Weight	Domestic	Trans-Border	Trans-Oceanic
Viscount	64,500	$16.25	$ 16.25	$ 86.45
DC-8	287,500	86.40	100.80	434.90
Comet 4	162,000	48.60	56.70	244.65

BORDEN-TORMENTINE FERRIES

Question No. 183—**Mr. Pickersgill:**

1. What is the target date for the completion of the new motor vessel under construction at Halifax for the Borden-Tormentine ferry service?
2. Has a name been chosen for this vessel and, if so, what?
3. How many motors will the vessel have, and what is the horsepower rating of each?
4. How many propellors or screws will this vessel have?
5. Will it be possible to transfer all the power to one propeller or screw?
6. How many motor vehicles will the vessel accommodate, and on what length per vehicle is the accommodation calculated?
7. What is the over-all length of the vessel, and what is the draft?

8. Will the vessel be equipped with rails for the transport of railway cars?

9. How many motors has the motor vessel *Abegweit*, and what is the total horsepower rating?

10. How many propellers or screws has the *Abegweit*, and can all the power be transferred to one propeller or screw?

11. How many motor vehicles will the *Abegweit* accommodate, and on what length per vehicle is this accommodation calculated?

12. What is the over-all length and draft of the *Abegweit*?

13. How many motor vehicles will the *S.S. Prince Edward Island* accommodate?

14. On what length per motor vehicle is such calculation based?

Hon. Leon Balcer (Minister of Transport): The answer to this question is as follows:

Part 1. November, 1961.

Part 2. No.

Part 3. Four propulsion motors, each 1,300 shaft horsepower.

Part 4. Four. Two forward and two aft.

Part 5. No. Full power (2,600 horsepower) can be obtained through two propellers either forward or aft, the power through one shaft being restricted by the 1,300 horsepower design limit in each propulsion motor.

Part 6. Sixty six 18.0′ vehicles.

Part 7. 279′6″ over-all length. Load draft 13′.

Part 8. No.

Part 9. The *Abegweit* has four propulsion motors, each 3,850 shaft horsepower for a total of 15,400.

Part 10. Four. Full power (7,700 horsepower) can be obtained through two propellers either forward or aft, the power through one shaft being restricted by the 3,850 horsepower design limit in each propulsion motor.

Part 11. Seventy 18.0′ vehicles when carrying 16 railway freight cars.

130—18′0 vehicles when carrying no railway freight cars.

Part 12. 372′6″ over-all length. Load draft 19 feet.

Part 13. Thirty five vehicles when carrying ten railway freight cars.

Seventy five vehicles when carrying no railway freight cars.

Part 14. Eighteen feet.

Any further information may be obtained from the architects.

QUEBEC—LIMITATIONS UNDER TAX-SHARING ARRANGEMENT

Question No. 184—**Mr. Pickersgill:**

In the tax-sharing arrangement provided in the legislation of 1956 and accepted by the government of Quebec, is there any limitation on the constitutional right of that province to levy and collect any tax it would have the right to levy under the constitution?

Starred Questions

Hon. Donald M. Fleming (Minister of Finance): I draw your attention, Mr. Speaker, to the form of this question, which reads:

In the tax-sharing arrangement provided in the legislation of 1956 and accepted by the government of Quebec, is there any limitation on the constitutional right of that province to levy and collect any tax it would have the right to levy under the constitution?

I presume that by his reference to the legislation of 1956 the hon. member means the Federal-Provincial Tax-Sharing Arrangements Act, but you will note, Mr. Speaker, the statement that "the arrangement provided in the legislation" was accepted by the government in Quebec. I am not aware of any arrangement accepted or any agreement entered into by the government of Quebec in pursuance of that legislation. On the contrary, the province of Quebec did not enter into any tax rental or collection agreement under or in pursuance of the terms of that particular statute.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I rise on a question of privilege. The hon. gentleman read the question correctly, then substituted a word which is not in the question. He substituted the word "agreement", which has nothing to do with the question whatsoever, for the word "arrangement". The hon. gentleman is perfectly well aware that the government of the province of Quebec did accept that arrangement and has been receiving equalization payments, and I suggest it would be desirable if, instead of misrepresenting the question, the hon. gentleman would answer it.

Mr. Speaker: There seems to be some difference of opinion about the facts, if facts are involved. It seems to me that the question asks for an opinion, and perhaps it should not have been accepted for the order paper at all.

Mr. Fleming (Eglinton): The comment of the hon. member cannot pass unnoticed. The province of Quebec did not enter into any arrangement in pursuance of the terms of that legislation, and no play on words can change the fact.

Some hon. Members: Order.

Mr. Fleming (Eglinton): I say Quebec did not accept any arrangement under the terms of that legislation.

Mr. Speaker: I think this matter should probably be deferred to a time when a debate can take place on it, because there seems to be a very distinct difference of opinion as to the facts.

MOTIONS FOR PAPERS

UNEMPLOYMENT INSURANCE COVERAGE INSTRUCTIONS—FORESTRY

Motion No. 61—**Mr. Racine:**

For a copy of coverage instructions C-411, C-440 to C-444 inclusive, and of any amendments thereto, with regard to employment in forestry, as contained in the new insurance coverage manual issued in October 1955 by the unemployment insurance commission, together with the corresponding instructions contained in the insurance coverage manual issued in January 1950.

Hon. Michael Starr (Minister of Labour): This is a request similar to one which appeared on the order paper under notices of motions for production of papers last week, and I can only offer my objection to it based on the decision of the unemployment insurance commission that the instructions which go out to the staff and which, taken together, constitute the manual of instructions, are of a confidential and private nature dealing with matters of internal administration which it would not be in the public interest to produce.

Mr. Speaker: In view of the explanation given by the minister, does the hon. member in whose name the motion stands wish to proceed?

Mr. Racine: I withdraw my motion.

Order discharged and motion withdrawn.

OTTAWA—EVACUATION PRIORITIES IN EVENT OF NUCLEAR WAR

Motion No. 72—**Mr. Regier:**

For a listing of names and addresses on a priority basis of all those people who are supposed to be moved out of Ottawa to a supposedly safe place of refuge in case of a nuclear war.

Hon. Howard C. Green (Secretary of State for External Affairs): I dealt with this notice of motion on Monday. The hon. member for Burnaby-Coquitlam is in New York and I understand he will not be back for some weeks. I wonder if this notice could now be dropped.

Mr. Speaker: I appreciate the difficulty, but perhaps it could stand until the return of the hon. member. I think it is irregular to drop a motion from the order paper without the consent of the sponsor.

Hon. Gordon Churchill (Minister of Veterans Affairs): A question such as this might stand on the order paper for weeks or months. Would it not be proper either to vote on it now or to drop it? The hon. member concerned could reintroduce it upon his return.

Mr. Harold E. Winch (Vancouver East): According to my present information the hon. member for Burnaby-Coquitlam is now in New York attending the United Nations general assembly meeting, but I understand he will be back within a period of not more than two and a half weeks. It is therefore only a question of waiting for about two or three weeks.

Mr. Green: I explained on Monday why the government cannot give this information, and I thought all the members of the house were satisfied.

Mr. Brunsden: On a point of order, as I recall it this question arose the other day and the hon. member who sponsored it agreed to withdraw it. I think, therefore, it would be proper for one of his colleagues to endorse such action today.

Mr. Speaker: I think the hon. member has misunderstood the situation. Where a motion stands in the name of an hon. member who is absent it would be improper for the house to dispose of it without his concurrence, and the appropriate course which seems open is to allow the motion to stand even though that may cause some inconvenience. Perhaps it could stand until the hon. member returns.

Mr. Winch: I can assure Your Honour that the hon. member will be back in about two and a half weeks.

DISCONTINUANCE OF STEEL STATISTICS

Motion No. 73—**Mr. Argue:**

For a copy of all correspondence and other documents exchanged between the government and any person, organization, or industry since January 1, 1960, regarding the discontinuance of publication of statistical material, relating to steel operating rates and steel producing capacity, by the dominion bureau of statistics.

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, some doubts have been raised as to whether tabling of the information requested would be a violation of section 15 of the Statistics Act. Would the hon. member be agreeable to this motion standing until this point has been investigated?

Motion stands.

UNEMPLOYMENT INSURANCE BENEFITS, CASUAL EMPLOYEES

Motion No. 74—**Mr. Roberge:**

For a copy of a resolution of protest addressed by the chamber of commerce of St. Charles de Bellechasse to the Minister of Labour, with regard to unemployment insurance benefits denied to casual employees, and a copy of the minister's reply thereto.

Motion agreed to.

PROJECTION OF PROVINCIAL TAX RECEIPTS

Motion No. 75—**Mr. Pickersgill:**

For a projection for the fiscal years covered by the new federal proposal of the document entitled "Hypothetical illustration of provincial receipts

for 1962-63 under federal proposal assuming growth of 5 per cent per annum in yields of standard taxes" which was made public on February 23, 1961, in connection with the proposal made to the federal-provincial conference.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, by this motion the hon. member is asking for the tabling of "a projection for the fiscal years covered by the new federal proposal of the document entitled 'Hypothetical illustration of provincial receipts for 1962-63 under federal proposal assuming growth of 5 per cent per annum in yields of standard taxes' which was made public on February 23, 1961, in connection with the proposal made to the federal-provincial conference."

There is some ambiguity here, Mr. Speaker, in referring to this document described within the quotation marks. I tabled yesterday the document that is described within the quotation marks, and it appears in the appendix to yesterday's *Hansard* at page 2765. That document was made public at the time of the conference a few days ago. If the words in the resolution, namely "which was made public on February 23, 1961" apply to the projection and not to the document, then I must say that the projection was never made public. Mr. Speaker, there were many calculations and projections on various bases that were prepared within the federal Department of Finance for the use and instruction of the delegates of the federal government to this conference. They were not made public; they were not made documents of the conference; they were not handed to the provinces; and there are very good reasons why these documents, having been prepared for the use of ministers, should not be made public. It would not be in public interest to do so.

Mr. Speaker: In the light of that explanation would the hon. member wish to withdraw and rephrase his motion with a view to clarifying the issue?

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I do not really think that there is any ambiguity, and I can clear that point up at once.

Mr. Speaker: If the hon. gentleman is satisfied with his motion I shall put it. I just raised the question whether he wanted, in view of the explanation, to withdraw and reintroduce his motion.

Mr. Pickersgill: I understood, sir, that the motion had not yet been put, and wondered if I might be permitted, as the minister was permitted, before the motion was put to make some explanation indicating precisely what I had in mind. If I might be permitted to do that I think I can—

Division

Some hon. Members: Oh, oh.

Mr. Speaker: Order. I think it would be in order for the hon. member, in view of what the minister has said, to explain what he meant by the motion before it is put to the house. If any hon. member wishes to raise a contrary view on a point of order I will hear it; otherwise I will hear the hon. member.

Mr. Pickersgill: Mr. Speaker, what I was seeking to get by this motion was simply the figures comparable to those in the document which is in *Hansard* of yesterday—the minister was good enough to make them public, and I thank him—for each of the four following years in the top part of that table, because any judgments that we might wish to make would be based upon those figures. I think it is clear enough what is meant by the motion.

Mr. Speaker: Does the minister accept or reject this motion with the explanation?

Mr. Fleming (Eglinton): Mr. Speaker, for the reasons I have given the government cannot accept this motion.

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

YEAS

Messrs:

Argue	Herridge
Badanai	Howard
Benidickson	LaMarsh, Miss
Boivin	Leduc
Boulanger	McIlraith
Bourget	McMillan
Cardin	McWilliam
Caron	Martin (Essex East)
Carter	Martin (Timmins)
Chevrier	Meunier
Clermont	Nixon
Crestohl	Pearson
Denis	Pickersgill
Eudes	Racine
Forgie	Ratelle
Garland	Richard (Ottawa East)
Godin	Roberge
Granger	Tardif
Habel	Tucker
Hellyer	Winch—40.

NAYS

Messrs:

Aiken	Bissonnette
Aitken, Miss	Bourbonnais
Allard	Browne (St. John's West)
Allmark	Bruchesi
Anderson	Brunsden
Balcer	Cadieu
Baldwin	Campbell
Barrington	(Lambton-Kent)
Baskin	Campbell (Stormont)
Beech	Campeau
Bell (Carleton)	Cardiff
Bell (Saint John-Albert)	Casselman, Mrs.
Belzile	Cathers
Bigg	Chambers

Division

Charlton
Chown
Churchill
Clancy
Coates
Comtois
Cooper
Creaghan
Crouse
Danforth
Doucett
Drouin
Drysdale
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flemming (Royal)
Forbes
Fortin
Gillet
Grafftey
Green
Grenier
Grills
Gundlock
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Howe
Jones
Jung
Keays
Kennedy
Kindt
Korchinski
Lafreniere
Lahaye
Lambert
LaRue
Legere
Lennard
Letourneau
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
Macquarrie
MacRae
McBain
McDonald (Hamilton South)
McFarlane
McGrath
McGregor
McLennan
McPhillips
McQuillan
Maloney
Mandziuk
Martineau
Martini
Matthews
Monteith (Perth)
Montgomery
More
Morissette
Morris
Muir (Lisgar)
Murphy
Nasserden
O'Hurley
Ormiston
Parizeau
Pascoe
Paul
Payne
Phillips
Pigeon
Pratt
Pugh
Rapp
Regnier
Ricard
Richard (Kamouraska)
Robinson
Rogers
Rompre
Simpson
Skoreyko
Slogan
Small
Smallwood
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Starr
Stefanson
Stewart
Tassé
Thomas
Thrasher
Tremblay
Villeneuve
Vivian
Webster
Weichel
Winkler
Woolliams
Wratten—150.

COMMONWEALTH CONFERENCE

REPORTED INTENTION TO INTRODUCE DECLARATION OF HUMAN RIGHTS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Acting Prime Minister whether he can give the house some indication of the nature of the draft declaration of human rights which the Prime Minister has stated in London he will be introducing into the current session of the commonwealth prime ministers' conference?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, this is not my understanding of the situation. In the course of an interview upon arrival in London I think there was some discussion about the question of a declaration of rights but I do not believe there was any statement that such a declaration was going to be introduced.

Mr. Pearson: I am judging from the press reports, all of which gave that impression. So may I ask the Acting Prime Minister whether such a declaration is to be introduced by the Canadian Prime Minister?

Mr. Green: I am not in a position to answer that question at the moment.

THE BUDGET

INQUIRY AS TO PROBABLE DATE OF PRESENTATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Finance. I wonder whether the minister is able to inform the house when he expects to make his main budget statement to parliament?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, it is quite obvious it is going to be later than usual. I would be in a position to indicate that it would be at an earlier date than I now can so indicate if we had made rapid progress in the house with the measures put forward in the supplementary budget of December 20.

Mr. Chevrier: You have been holding them up yourself.

Mr. Fleming (Eglinton): No, no. The opposition know the reasons. Quite a long time has been spent on these measures and, however the opposition may feel about them, the fact is that the longer the time spent on those measures the later necessarily will be the presentation of the main budget. Beyond that I cannot say anything at the present time. The sooner the business arising out of the supplementary budget is disposed of, the sooner the main budget can be introduced.

Mr. Argue: Can the minister say whether this means that the budget will be introduced after the Easter recess?

Mr. Fleming (Eglinton): It is a certainty, Mr. Speaker, that it would not be possible now to introduce the budget prior to the Easter recess.

LABOUR CONDITIONS

GLEN EXELBY—INQUIRY AS TO EMPLOYMENT OPPORTUNITIES

On the orders of the day:

Mr. W. C. Henderson (Cariboo): Mr. Speaker, can the Minister of Labour tell the house the circumstances of Mr. Glen Exelby, who was depicted in the main role of the C.B.C. program "Close-Up" last night, and inform the house whether the national employment service is doing anything to secure employment for him?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the hon. member was good enough to give me notice of his intention to ask this question and I checked immediately with the unemployment insurance commission office at Hamilton. They inform me that Mr. Glen Excelby is on file at their office. He registered there for employment on September 9. He had quit his previous employment as a salesman at $6,000 per year and had given the reason that there was "no future". On November 29 he was referred as a salesman at $350 per month to Service Steel and Engineering in Hamilton and worked there from December 13 until January 30 when he was laid off.

At about this time he answered an advertisement put out by the C.B.C. requesting a white collar worker for a television program. Apparently he was successful in obtaining this employment and I am informed that it was remunerative to the extent of $25 per day during the shooting of the program which, including rehearsals, lasted for a number of weeks.

On February 24 the unemployment insurance commission office in Hamilton offered Mr. Exelby a position as a foreman at Frost Metal Products which he turned down. He said at that time that he was considering three other offers and also indicated that he was not anxious to accept a position in view of the forthcoming appearance of the television program. I was informed this morning, Mr. Speaker, that as a result of his appearance on the program he has had offers of work in Montreal, Hull and Sudbury. He has informed the Hamilton unemployment insurance commission office that he will review the offers which have come to him as a result of the program and if none is satisfactory he will once again apply for work. I am very sorry that the program did not reveal these facts also.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the minister whether the facts he has just stated have been brought to the attention of the Canadian Broadcasing Corporation and, if so, has the minister received any observations from the corporation in connection with this program?

Mr. Starr: Mr. Speaker, if the C.B.C. wants any real facts before launching upon a program of this kind they can easily obtain them.

Hon. J. W. Pickersgill (Bonavista-Twillingate): As a supplementary question may I ask the Minister of Labour whether he brought these facts to the attention of his colleague, the Minister of National Revenue?

Mr. Starr: The Minister of National Revenue is away from Ottawa at this moment. I have ascertained these facts from our unemployment insurance commission office in Hamilton.

Mr. Donald MacInnis (Cape Breton South): I should like to inquire of the Minister of Labour if the advertisement put out by the C.B.C. in respect of this telecast required a white collar worker to fill in on this particular program.

Mr. Starr: Mr. Speaker, I personally did not see the advertisement. The information I have given to the house was supplied to me by the unemployment insurance commission office.

Mr. E. W. Brunsden (Medicine Hat): Will the minister take into consideration the question of advising his colleague, the Minister of National Revenue, that the facts he has produced in this house should be promulgated through the C.B.C. in refutation of the program last night?

Mr. D. V. Pugh (Okanagan Boundary): I should like to direct a supplementary question to the Minister of Labour. Will the minister ascertain whether or not this person reported his employment with the C.B.C. to the unemployment insurance office in Hamilton?

Mr. Starr: I can ascertain that.

[*Later:*]

Mr. Grant Campbell (Stormont): In the absence of the Minister of National Revenue may I ask the parliamentary secretary this question. I regret that I have not been able to give notice of it. The question is this. Do all C.B.C. extemporaneous interviews require several weeks of coaching?

Mr. Speaker: If the question were one of direct responsibility, I think perhaps it would not be so urgent that it might not go on the order paper. However, as it is a question for the C.B.C., perhaps the parliamentary secretary would take it as notice.

Inquiries of the Ministry

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): Mr. Speaker, that is a matter within the technical competence of the C.B.C. We will make inquiries.

BUSINESS OF THE HOUSE

COLUMBIA RIVER—INQUIRY AS TO CONSIDERATION OF TREATY BY PARLIAMENT

On the orders of the day:

Mr. W. H. McMillan (Welland): I should like to direct a question to the Acting Prime Minister. Senator John Sparkman, of the committee on foreign relations in the United States, announced that the processing of the treaty between the United States and Canada concerning the co-operative development of the water resources of the Columbia river basin would start before the United States senate at 10 a.m. this morning. My question is, when will the government place this matter on the order paper so that consideration may be given to it by the parliament of Canada?

Hon. Howard C. Green (Acting Prime Minister): The situation with regard to the Columbia has already been explained to the house on more than one occasion within the last few weeks. As yet, there has been no agreement reached with the province of British Columbia.

REQUEST FOR LIST OF OUTSTANDING RETURNS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the Acting Secretary of State what progress has been made in preparing the list of returns which have not been completed, a list which the Secretary of State agreed nearly two weeks ago to compile.

Hon. Ellen L. Fairclough (Acting Secretary of State): I have asked for this information but as yet I have not received a report. I will pursue my inquiries.

TRADE

WHEAT—INQUIRY AS TO FURTHER SALES TO CHINA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Minister of Agriculture whether he is in a position to answer now a question I addressed to his parliamentary secretary regarding the Canadian wheat delegation in Hong Kong visiting Peking in connection with wheat sales to that country.

Hon. Alvin Hamilton (Minister of Agriculture): I am very sorry but I do believe that in the public interest I can say no more than I said in answer to the hon. member a short time ago. We did have representatives in that area. They are now back in Canada, and other representatives are going out shortly.

REPORTED U.S. LOBBY FOR TARIFF AGAINST CANADIAN BREAD

On the orders of the day:

Mr. N. L. Spencer (Essex West): I should like to direct a question to the Minister of Trade and Commerce. In view of the fact that it has been reported that a group of bakers have renewed a campaign or lobby in the United States congress seeking to obtain the imposition of a tariff against the importation from Canada of Canadian-made bread, will he inform the house whether he is aware of this report and whether representations and a protest will be made to the proper authorities through the usual channels?

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, I wish to thank the ever alert member for Essex West for bringing this matter to my attention on behalf of the bakers of the city of Windsor to whom it is a real problem. I can assure him that my department is looking into the matter. I hope to have a satisfactory answer to give to him very shortly.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the ever alert Secretary of State for External Affairs if he will be good enough to make representations to strengthen the obviously weaker representation that might be made by his colleague the Minister of Trade and Commerce.

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I think we have already been working on this problem.

PROPOSED U.S. RESTRICTIONS ON TOURIST IMPORTS

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. It is based on a Canadian Press report originating in Washington on Monday to this effect:

> A congressional committee has deferred action on President Kennedy's proposal to reduce the maximum duty-free allowance on tourist goods to $100 from $500—

And these are the important words:

> —to permit further clarification of the Canadian position.

Can the minister say what position, if any, the government is taking on this important question, and what action has been taken to date.

Hon. Howard C. Green (Acting Prime Minister): This question was also taken up with the United States government some time ago.

Mr. Garland: I have a supplementary question. In view of the fact that the minister responsible, namely, the Minister of Northern Affairs and National Resources who I regret is not in his place today has said that this proposed legislation would have little effect, and in view of the fact that when the Prime Minister was in Washington on February 20 he said that he had heard of no objection by Canada, can the minister not say what position or attitude the government is taking? Is it opposed to this imposition?

Mr. Green: Mr. Speaker, the Prime Minister dealt with this question on February 7. The hon. member will find that at page 1795 of *Hansard*. My department is following up on this particular question and we will do whatever is possible in order to see that nothing is done which will harm Canada.

Mr. Garland: From that reply, can we take it that the government is opposed?

Mr. Speaker: Order.

USE OF U.S. MADE FOOTBALLS

On the orders of the day:

Mr. Jack Wratten (Brantford): I should like to direct a question to the Minister of Trade and Commerce. Is the minister aware of the fact that the directors of the Canadian football league recently decided to use a football manufactured in the United States, notwithstanding the fact that from the inception of this game in Canada the ball, hand manufactured and hand sewn by A. G. Spalding and Sons in Brantford—

Mr. Speaker: Order. The hon. member will have to pay an advertisement tax if he continues his question. It is not really a matter relating to the administrative responsibility of the minister, even though it may be very interesting to the hon. member.

[*Later:*]

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, I wonder if I might answer the question asked by the hon. member for Brantford.

Some hon. Members: No.

Mr. Speaker: If the minister says it is part of his administrative responsibility and that I have been in error I will allow him to answer it.

Mr. Hees: Mr. Speaker, anything that involves the jobs of Canadians is very much of interest to my department.

I have been made aware of this situation by the hon. member for Brantford who gave me notice of this question. I want to assure the house that I am very much interested in this problem and that I am seeking further information in order that I may discuss the matter with the Canadian football league. The hon. member for Winnipeg South informs me that he is taking the question up with the commissioner of the Canadian football league in Winnipeg. I might add that from my own experience I always found the Canadian football to be 100 per cent satisfactory under all conditions, and I am sure all Canadians will agree that Canadian made sporting goods should be used in playing Canadian games, particularly when they are well made and fairly priced as in the case in question.

(Translation):

HOUSING

QUEBEC CITY—INQUIRY AS TO REPORT ON URBAN RENEWAL STUDY

On the orders of the day:

Mr. Maurice Bourget (Levis): Mr. Speaker, in the absence of the Minister of Public Works, I should like to ask his parliamentary secretary whether the report on the urban renewal study conducted in Quebec city during 1959 and 1960 has been referred to the Central Mortgage and Housing Corporation and if so, whether copies of that report will be tabled in the house.

Mr. Y. R. Tassé (Parliamentary Secretary to the Minister of Public Works): Mr. Speaker, I should like first to thank my colleague from Levis for giving me notice of this question.

After making inquiries of the C.M.H.C., which is subsidizing this study, I have been informed that the commission which had been instructed by Quebec municipal authorities to look into the matter of housing and urban renewal in that most beautiful and interesting city has not yet submitted its report.

As to the second part of the question, I shall bring it to the minister's attention.

(Text):

TRANSPORT

CANADIAN PACIFIC RAILWAY—REPORTED INTENTION TO ABANDON B.C. SUBDIVISION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the

Minister of Transport with regard to a problem that is a football between the government and the transport board. In view of the announcement that it is the intention of the canadian Pacific Railway to abandon the Coquihalla subdivision of the Kettle Valley railroad; and in view of the united opposition of all the municipalities, organizations and persons affected in southeastern British Columbia; will the minister inform the house if the government intends to take any action to prevent this further failure of the company to recognize its responsibilities to the people of southeastern British Columbia?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, an application to abandon the operation of its Coquihalla subdivision has been filed by Canadian Pacific Railway company with the board of transport commissioners.

The board, according to its rules of practice, is allowing the prescribed time for submissions of those opposed to the application and for the railway company's reply. Following receipt of these, the board expects to hold a public hearing in the matter.

CANADIAN NATIONAL RAILWAYS

MONCTON—REPORTED INTENTION TO CEASE MAKING MAJOR REPAIRS

On the orders of the day:

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, on Wednesday last the hon. member for Kent, New Brunswick, asked if it is the intention of the Canadian National Railways to cease making major repairs to first class cars in Moncton.

The management of the railway advise that substantial reductions in revenue passenger miles over the past 5 years have brought about a corresponding substantial decrease in repair requirements. The acquisition of newer equipment has lengthened the average shopping cycle for passenger cars. In light of this it is the intention to gradually discontinue heavy repairs to passenger equipment at Moncton. Light passenger repairs will continue to be performed. The men so engaged in the heavy repair work are being transferred to freight car and other work. The matter is now in the discussion stage with the appropriate employees' representatives.

Mr. W. L. M. Creaghan (Westmorland): Mr. Speaker, I have a supplementary question. Is the minister aware that as recently as February 18th the C.N.R. at Moncton announced that the space presently used by the passenger car shop and the freight car section would now both be used for the conversion of 200 steel frame box cars to livestock units; that coaches were to be converted to bunk and feeding units and that smaller box cars were going to be converted to work equipment? In view of that fact, I wonder whether the minister would ascertain from the C.N.R. if this announcement made in Moncton on February 18 has any relationship with the suspension of major repairs at the Moncton shops to heavy passenger equipment as anticipated in the minister's answer today.

Mr. Balcer: I shall be very glad to make that inquiry.

FISHERIES

REQUEST FOR STATEMENT ON LAMPREY CONTROL MEASURES

On the orders of the day:

Mr. G. E. Nixon (Algoma West): I should like to address a question to the Minister of Fisheries. Will the minister make a statement to the house soon as to what program his department has prepared in order to deal with the lamprey problem? I am especially interested in—

Mr. Speaker: Order. I think perhaps the hon. member is anticipating something that might be dealt with on the estimates. A question was asked a few weeks ago about that matter, but it is properly a matter to be dealt with on the estimates.

INDIAN AFFAIRS

RESOLUTIONS REQUESTING BRINGING INTO FORCE OF SECTION 96(A) OF ACT

On the orders of the day:

Mr. Frank Howard (Skeena): I wish to direct a question to the Minister of Citizenship and Immigration of which notice was given. I wish to ask with regard to the present status of any resolutions by the Indian bands in British Columbia requesting that section 96(a), subsection 2, of the Indian Act be brought into force and the names of the bands which have submitted such resolutions.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, about 20 resolutions have been received from the bands. In accordance with subsection 5(b) of section 96(a) of the Indian Act six of those resolutions have been forwarded to the attorney general of the province. Some of the others had to be returned to the bands concerned for redrafting. When these are received in the appropriate form they in turn will be forwarded to the attorney general of the province of British Columbia. The resolutions which have been forwarded were from the Tsitsk band of the Babine agency; the Bella Coola band of the Bella Coola

agency; the Kincolith band and the Metlakatla band of the Skeena river agency; and the Canyon city band and Gitlakdamix band of the Terrace agency.

Mr. Howard: I wonder if the minister would accept my congratulations for having wound her tongue around those difficult words with such facility.

UNITED NATIONS

DISARMAMENT—INQUIRY AS TO RESUMPTION OF DISCUSSIONS

On the orders of the day:

Hon. Paul Martin (Essex East): May I direct a question to the Secretary of State for External Affairs. Now that the second portion of the United Nations general assembly has begun, would the hon. gentleman tell the house what he considers to be the prospects for the resumption of the 10-power discussions on disarmament?

Hon. Howard C. Green (Secretary of State for External Affairs): It is too early yet for an accurate forecast to be made as to the date on which negotiations will be resumed or the forum. As the hon. member knows, there has been a considerable relaxation of tension and I think there are reasonable prospects that the United States and the Soviet Union will be willing to enter into negotiations on disarmament later in the year.

As far as the present session of the general assembly is concerned, the Canadian resolution co-sponsored by 19 countries is still in good standing and it calls for an early resumption of negotiations. It also recommends the appointment of an impartial chairman, possibly a citizen of Switzerland, and the setting up by the United Nations disarmament commission of ad hoc committees to assist the negotiators.

We are not yet certain when disarmament will be discussed in the general assembly but the whole disarmament picture looks considerably brighter today than it did before Christmas.

Mr. Martin (Essex East): Can the minister tell us when the three-power talks with regard to the cessation of nuclear tests are likely to be resumed?

Mr. Green: The date is not yet certain either, but they will be resumed at a much earlier date than the talks on general disarmament. I hope it will be only a matter of a few weeks before the nuclear test talks are taken up again.

[*Later:*]

Hon. L. B. Pearson (Leader of the Opposition): May I direct a question to the Secretary of State for External Affairs and ask him whether the Canadian position with regard to nuclear weapons remains as it was established last December, when the Canadian delegation accepted the Irish resolution on this subject?

Mr. Green: Canada supported the Irish resolution directed against the spread of nuclear weapons. That was in December, and at that time our spokesman at the United Nations explained that this position could not be held indefinitely but would depend on what progress was made in bringing about disarmament and a relaxation of tension. That is still the situation.

Mr. Pearson: Does the Acting Prime Minister consider that holding a position from December to March is holding it indefinitely?

Mr. Green: The Leader of the Opposition can be quite sure that the attitude taken by Canada on this question will be eminently reasonable and fair.

FINANCE

ESTABLISHMENT OF SECONDARY MORTGAGE MARKET

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Minister of Finance. Can the minister say what progress is being made toward the establishment of a secondary mortgage market in Canada?

Mr. Speaker: Order. I think the hon. member is raising a somewhat general issue affecting government policy which he can hardly expect to have declared in answer to a question on the orders of the day, particularly at this time of the afternoon.

POST OFFICE DEPARTMENT

INQUIRY AS TO PURPOSE OF MAGAZINE "POSTMARK"

On the orders of the day:

Mr. Azellus Denis (St. Denis): I wish to direct a question to the Postmaster General with reference to a magazine entitled *Postmark,* printed by the Queen's printer, in which I see three pictures of the Postmaster General together with the pictures of six Tory members of parliament. My question is this. Has this magazine any purpose besides the carrying on of Tory propaganda at the expense of the hon. gentleman's department?

Hon. W. M. Hamilton (Postmaster General): The purpose of the magazine is to keep postal employees informed of what is going on in the post offices. If it so happens that the Postmaster General and other hon. members supporting this government take an interest in postal affairs and take the trouble to see what is happening, that is going to be reported. If the hon. member for St. Denis were to put his foot into a post office once in a while we should be glad to report that, too.

TARIFF BOARD ACT

AMENDMENTS INCREASING MEMBERSHIP, PROVIDING FOR SALARIES, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-74, to amend the Tariff Board Act.

Mr. W. M. Benidickson (Kenora-Rainy River): I do not intend to add at length to the remarks I made concerning this legislation when we were considering the resolution yesterday. On December 20 the minister indicated that the board had before it in addition to the normal number of appeals from the Department of National Revenue a substantial number of references covering a wide range of industries. The hon. gentleman listed some six or seven, I believe, and he referred to eight in his remarks yesterday. I would assume that the tariff board has, perhaps, completed its studies with regard to some of the subjects mentioned in December and perhaps the minister could give us, when we get into committee, a list of the references which are presently before the board in an incomplete state, the eight to which he referred last night.

Mr. Fleming (Eglinton): I would be pleased to do that.

Mr. Benidickson: The tariff board, as we all know, has been doing a tremendous amount of work. The creation of a second panel should be encouraged so as to keep up with the work that is suggested it should do. I think it is much preferable to have tariff studies of representations made in a public way as they are through the tariff board after public notice of the hearings is given across the country than to have our changes in tariffs upward or downward depending upon the representations made secretly or privately to a minister of the government.

I think the tariff board, by the exhaustive studies which it has produced and which are printed, has impressed those individuals who read the studies in regard to the thoroughness with which these investigations are generally carried out. The minister has indicated that this increase in the board will accelerate the progress of the work which is necessary. I think those associated with me in this party will likely support the bill.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the bill sets out in some detail the provisions that were forecast in the resolution. The tariff board will be given the power to sit as two panels simultaneously, and there is a provision allowing the chairman to direct that any inquiries under section 4 may be made by any member or members of the board designated by him. It appears obvious, therefore, that when the measure is passed and becomes law the board, both in dealing with appeals and in making certain inquiries, will be in a position to do a much larger amount of work. We still feel that this bill cannot be separated from the other changes that are being made in the customs tariff having to do with the definition of goods of a class or kind, and that the insertion of the word "approximately" will mean that the tariff board will have a host of applications to deal with that it would not otherwise have. This seems a part of the government program, to change the rules on tariffs in such a way as to provide higher tariffs for a much larger range of goods. This underlines something we have suspected for a long time; that the present government is following an old traditional Tory policy in providing a higher level of tariffs.

When the measure was being discussed in committee certain questions were asked of the minister and I hope that he will give the house the information that was asked for at that time. He was asked how many applications before the board have to do with the question of class or kind and I hope that he will inform the house as to the statistics in this regard. I feel this kind of information should be brought before the house. I believe we are entitled to receive it and I hope that in closing the debate the minister will take the opportunity of presenting it.

Mr. W. H. McMillan (Welland): Mr. Speaker, I am interested in receiving that information which the former speaker has referred to. I believe the Minister of Finance said yesterday that 69 cases were awaiting appeal and I would like to know how many of those refer to class or kind goods.

Mr. Fleming (Eglinton): Mr. Speaker—

Mr. Deputy Speaker: I must inform the house that if the minister speaks now he will close the debate.

Mr. Fleming (Eglinton): Mr. Speaker, I shall be very brief. I shall be pleased to furnish the information requested by several hon. members, but feel the appropriate place to do so is in committee.

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

On clause 1—*Constitution of board.*

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member for Welland asked how many of the 69 appeals now pending before the tariff board concern cases where the class or kind definition is involved. I am informed on inquiry that there are 17 such cases and three other cases where this question may possibly be involved either directly or indirectly.

The hon. member for Kenora-Rainy River asked for a tabulation as to the eight references pending before the board. They are as follows, Mr. Chairman: No. 120 is the chemicals reference. The hearings on this important and very comprehensive reference began in 1960 and will probably continue throughout 1961 and perhaps beyond. The second is No. 123, the radio, television and electronics reference. No. 125 is the textiles reference: there have been several reports received from the tariff board in this regard but the reference is not complete as yet so far as reports are concerned.

The next is No. 127, in relation to nails. The hearings on this reference have been held but the report has not yet been submitted. The next is No. 128, a reference concerning engineers' and architects' plans, drawings and blueprints. The hearings in regard to this reference were held last month, but of course the report has not yet been received. No. 129 is the reference on tableware and glassware for decorating. The hearings on this reference are scheduled to commence on March 20.

The next is No. 130, a reference concerning machinery and equipment for use in the mining industry and the oil and gas industries. The hearings on this reference have been scheduled for May, June and September next. The next is No. 131, a reference respecting oilseeds, vegetable oils and related products. The hearings have not yet been held in this regard. Obviously the plans in relation to the scheduling of these remaining references will depend of course on the passage of the present bill and the ability of the tariff board then to commence sitting in two panels.

Mr. McIlraith: Is the minister in a position to indicate the extent to which he envisages the increased work of the tariff board will arise out of references from the government or from an increased number of appeals?

Mr. Fleming (Eglinton): Mr. Chairman, I am not in a position to indicate any further references at this particular time. I have given the committee a full report as to the backlog of both the references and appeals now on the board's docket and awaiting adjudication.

Mr. McIlraith: What I am seeking to get at is this. By the 1956 amendment and this amendment we are really more than doubling the capacity of the board. I wonder whether the minister would care to project his opinion as to how much of this increased capacity would be used in dealing with references, and how much with the appeal side of the board's work.

Mr. Fleming (Eglinton): It is very difficult to answer that question with any degree of precision, Mr. Chairman. I cannot foresee what may be the situation a year from now in respect of further appeals or further references, but it is quite apparent that the work load of the board has been increased very substantially. The committee is aware of the number of references that I have directed to the board in the last three years and eight months, and several of the references to the board have been extremely heavy. The chemicals reference which has been pending for several years is one of the largest ever directed to the board and it is anticipated that from the time the hearings commenced until the report of the board might be expected, as long as two years might be consumed.

The textiles reference was of very large proportions. It is nearly concluded but it has occupied a great deal of the time of the board.

Mr. McIlraith: I take it from what the minister has said there are no particular references that he proposes making to the board that will require this enlargement. He is enlarging the board to meet the general increase in work which is anticipated as opposed to some particular matters which he intends to refer to the board.

Mr. Fleming (Eglinton): If the hon. member would look at the discussion we had yesterday he would find that I explained that the immediate reason for asking parliament to enlarge the board is that the board may more quickly reduce the very large backlog of work now standing on its docket. It is so large a backlog that there is going to be, I think, prejudice resulting from delays unless this action now proposed is taken to enlarge the board so that it may sit in two panels.

This measure is the outcome of my discussions with the chairman of the board who has been greatly concerned over this backlog. It has been a matter of some anxiety to him that these cases should be piling up and that he, in arranging the work of the board, is compelled to confine the sittings of the board to one panel. He has given me to understand that there may be some considerable delay

in disposing of the cases now on the docket, both references and appeals, unless the kind of help that this bill promises is forthcoming.

Mr. McIlraith: I thank the minister for his explanation but I think he will appreciate—if he will recall it—than in previous years, and I think each year, I made it clear that it was a desirable step to enlarge the board, but I did wish to get it clearly on the record that it was a requirement arising out of the ordinary work before the board for this to be done.

There is one other point, if I may make reference to it, concerning this clause, and it arises out of the proposed new section 3, the latter part of the clause. Can the minister advise us whether it is intended that the first vice-chairman or the second vice-chairman, as the case may be, should preside at sittings of the board in the absence of the chairman? There is a little confusion as to this.

Mr. Fleming (Eglinton): I think the answer to this is to be found in subclause 3 of clause 3 of the act as it is proposed to be amended by clause 1 of the bill. The arrangement of the work of the board and the decision as to what members shall be designated to constitute the two panels is, of course, a matter for the chairman. The arrangement of the work of the board is, of course, eminently a matter for decision by him. It is, I believe, his intention that the first vice-chairman should ordinarily preside over the second panel and he, the chairman, should preside over the first panel to be set up.

Mr. McIlraith: May I just pursue the point a bit further. There is one very small aspect concerning the matter, and it has to do with the part of clause 3 coming immediately after (2)(c), which reads in this way:

> —and the chairman shall preside at any sittings of the board at which he is present and shall designate one of the vice-chairmen or other members to preside at any sittings of the board at which he is not present.

What I am coming to is this. I should hope that the chairman would in his absence designate that the first vice-chairman or the second vice-chairman should preside at any sittings of the board in those circumstances; but as I read this clause it leaves him quite free to designate any other member of the board to act as chairman in his absence, and I would hope that that would not happen because it could be the sort of thing that would weaken the administrative authority of the first vice-chairman or the second vice-chairman, as the case may be. It is on that narrow point, a very narrow one, admittedly, that I should like clarification.

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): I would invite the attention of the hon. member to the provisions of subclause 3 which provide that:

> If the chairman is absent or is unable to act or if the office is vacant, the first vice-chairman has and may exercise and perform all the powers and functions of the chairman, and if the chairman and the first vice-chairman are absent or are unable to act or if those offices are vacant, the second vice-chairman has and may exercise and perform all the powers and functions of the chairman.

As I also indicated, Mr. Chairman, it is the indicated intention of the chairman ordinarily to designate the first vice-chairman to preside over the second panel in ordinary cases.

Now, there must, of course, be some flexibility in these matters. Illness can overtake the chairman or the first vice-chairman and that is the reason why flexibility is retained. It is retained because of the duty that rests on the chairman to arrange the work of the board, but ordinarily, when the board is at full strength, you will find the chairman and two other members of the board sitting in the first panel and the first vice-chairman and two other members of the board sitting in the second panel.

Mr. McIlraith: Subclause 3 at the bottom of the page does not seem to deal with the point I raised, but the minister's explanation seems to set out a wholly satisfactory procedure in these cases. I should like to draw his attention to what may be a looseness of wording in the part I quoted, as follows:

> —and the chairman shall preside at any sittings of the board at which he is present and shall designate one of the vice-chairmen or other members to preside at any sittings of the board at which he is not present.

In other words, there is no limitation whatever on the circumstances in which he can designate, we will say for the purposes of argument, the newest member of the board to sit as chairman of the board in his own absence even although the vice-chairman and the second vice-chairman are available. It is a small point.

Mr. Fleming (Eglinton): This language was written in a deliberately broad form because of the need of allowing flexibility and because of the responsibility that rests on the chairman for organizing the work of the board. We have a very capable chairman. I think all hon. members have confidence in the chairman of the board. I have had some high compliments paid to the board and to Mr. Audette by persons who had occasion to appear before the board as now constituted.

There must be flexibility here. It would be very easy to conceive of a situation where, let us say, the chairman, the second vice-chairman and one other member of the board are sitting on a reference in panel No. 1 and

the first vice-chairman and two other members of the board are sitting in panel No. 2. Let us say the first vice-chairman is taken ill. It is not possible to disturb the composition of the first panel in the middle of what might be a quite extended and involved reference in order to take the second vice-chairman out of that panel so that he may then preside in the second panel. It might be only a temporary situation. Under these circumstances it might be necessary for the three other members of the board to be designated by the chairman to constitute the second panel. In that case I presume that ordinarily if the first and second vice-chairmen are not available for that second panel for such reasons as I have suggested, the chairman would designate the next senior member to preside in the second panel.

Mr. Hellyer: Can the minister give any indication as to how soon after the bill becomes law the new members of the board will be appointed?

Mr. Fleming (Eglinton): I would hope reasonably soon because the chairman has been making some tentative plans in the hope that parliament would be passing this measure, and it would be my hope that the appointments could be made soon after the bill has received royal assent, if it pleases the two houses of parliament to approve it.

Mr. Benidickson: I should like to ask the minister what the present salary schedules are. I notice that we are creating a second vice-chairman for the first time. Will this involve any margin of salary beyond that of an ordinary member?

Mr. Fleming (Eglinton): The present salaries are as follows: the chairman of the board, $16,900; the two vice-chairmen, $14,500 each, and members of the board $13,500 each. The bill does not make any change in the salaries, of course. The two vice-chairmen will become respectively the first vice-chairman and the second vice-chairman under the new measure and the new members would be entitled to the salary of members of the board, namely $13,500, until such time as that might be changed.

Mr. Benidickson: With reference to subsection 8 under subclause 2, what advantage is there in adding the word "functions"? We have had reference to the word "powers" before but now we are adding the word "functions". What is the addition of that word going to mean?

Mr. Fleming (Eglinton): On a study of the present act the draftsman thought that this was a desirable enlargement. I do not point to anything of a specific nature, but it was considered that the present expression referring to powers was not as broad as it might be and that the word "functions" should be added to indicate more broadly the responsibilities of the board and the way the board operates.

Clause agreed to.

On clause 2—*Inquiry made by one or more members.*

Mr. Benidickson: Mr. Chairman, under the old subsection 8 of section 5 of the act it was previously deemed advisable to stipulate that at least two members would serve in the conducting of certain inquiries. I recall that those inquiries included inquiries relating to enhancement of prices or inquiries equivalent to those under the Combines Investigation Act. Under the amendment I notice that the chairman is not obliged to assign at least two members to inquiries of that kind and instead is seemingly given the discretion to assign only one member of the tariff board to such inquiries although parliament previously thought that inquiries of this type were of such public importance that at least two members of the board should sit in those circumstances.

Mr. Fleming (Eglinton): The hon. member is aware that under the present statute one member can hold inquiries of certain kinds. In other cases two members are required to constitute a board for the purposes of the inquiry. As the hon. member is aware, it has been the practice after such a hearing for the whole board to participate in the decision.

So far as references are concerned, of course, the board has operated as a full board. Not fewer than three members have sat on the references. Again, the slight modification that is contained here is designed in the interests of flexibility and of trying to make the best use of the available manpower of the board having regard to the volume of work. It is not the intention of the board to reduce the size of panels conducting inquiries in pursuance of references.

As a rule, the appeals have been heard by one member of the board sitting alone and then the board as a whole has made a decision, but the hearing has been conducted by one member of the board. Therefore the modification that is made here is a very slight one indeed. It should not be taken as intended to do more than provide a slightly greater measure of flexibility and should not be interpreted as indicating any intended departure from the practice of the board according to its present procedures.

Mr. Benidickson: It is obvious, Mr. Chairman, that there must be some departure because under the old wording the chairman

was bound to assign at least two members of the board if the inquiry related to combinations which enhanced prices or was an inquiry similar to those under the Combines Investigation Act. The third type, to which I did not refer before, is inquiries into matters referred by the cabinet.

Mr. Fleming (Eglinton): I think the hon. member has overlooked the fact that since the legislation to which he has now referred was passed we have had a revision of the Combines Investigation Act and that power of inquiry has been vested in the restrictive trade practices commission. I think that is probably the explanation.

Mr. Benidickson: There are still two other types of inquiries which previously required a minimum of two members to preside over them.

Mr. Fleming (Eglinton): I am told that these other instances have practically never occurred.

Mr. Benidickson: I wanted to know why we were making it possible for the chairman at his discretion to have a single member preside over inquiries such as those to which I have referred, but if the minister indicates that these inquiries are no longer common and that he has given careful consideration to this matter I will not raise strong objection.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read a third time, now?

Mr. Pickersgill: By leave.

Mr. Fleming (Eglinton) thereupon moved the third reading of the bill.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Before the bill passes, Mr. Speaker, I should like to draw attention to certain observations which were made yesterday by the hon. member for Assiniboia (Mr. Argue) during the discussion of the resolution. The hon. member said, as reported on page 2727 of *Hansard*:

—I suggest that this is part and parcel of a Tory high tariff policy that is being implemented day by day to the great detriment of the people of this country.

Then, after an interruption by another hon. member, he went on to say:

Therefore, we feel that this legislation is unnecessary, or that if it is necessary it is made so by these other bad policies of the government which are increasing the burden of the work on the tariff board and the number of appeals that will be made. We believe that we are justified in opposing the resolution and the legislation to follow because in so doing we are opposing the government's high tariff program.

[Mr. Benidickson.]

I omit the comment made by the hon. member for Carleton (Mr. Bell), but he can make it again if he so desires.

Then, at page 2737 the hon. gentleman is reported as saying this, in making a reference to the position taken by the official opposition:

I suggest that class or kind cases are likely to constitute a very substantial portion of appeals and references to the board. With the sweeping change in the definition a deluge of appeals on this very point will come before the board in the future. Members of the Liberal party say they are against the change in the definition, the widening of the rule, and they have proved they are against it, but they are prepared to facilitate the evil consequences of widening the rule by voting for the minister's measure and without having the necessary information. I think this is an indication of complete irresponsibility on the part of the official opposition.

In view of this statement, sir, I must say that I was astonished to find, after having been called out of the house for a moment or two during second reading, that second reading had been completed. I am informed that the hon. gentleman did say, "on division" when the measure passed. The hon. member said:

We beleve that we are justified in opposing the resolution and the legislation to follow because in so doing we are opposing the government's high tariff program.

In view of the hon. member's assertions about this very deleterious measure I expected we were going to have a real crusade against this bill by the hon. gentleman and his friends. It is rather astonishing to find that the lion of yesterday has become the lamb of today.

Mr. R. H. Small (Danforth): Mr. Speaker, I would have liked to have had something to say yesterday about this measure, but since the minister was anxious to get the bill through I remained silent. Now that the matter has been raised by the hon. member for Bonavista-Twillingate, I will take advantage of this opportunity to say something about the bill. I have listened to the hon. member for Assiniboia (Mr. Argue) make continual references to Tory protection and high Tory tariffs, as if there were some stigma attached to them. I have no apology to make to the minister or anybody else in this house because I believe in a certain amount of protection through tariffs and quotas. I do not believe there is anything to be ashamed of in that.

I am continually being beseeched to do something about the importations coming into this country from Japan, west Germany and other low wage countries which are undermining certain manufacturing industries in our country. I do not believe the hon. member for Assiniboia is presenting the point of

view of labour. The hon. member also makes continual references to GATT. I have always questioned the value of the vague benefits that have been attached to GATT so far as this country was concerned. We went along with it and we gradually reduced the tariffs imposed by this country. We now find that we have probably gone too far and there should be a change in policy; we should raise our tariffs on certain things coming into this country.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member but I must say that if he is replying shortly to any argument that had been advanced by an hon. member, his remarks are not entirely relevant to the bill under consideration. However, although I would have no objection to a short reply I must indicate to him that the only purpose of this bill is to increase the number of members on the tariff board. A discussion of the whole policy of tariffs at this time, therefore, would be irrelevant. I would think that the hon. member has strayed from the subject of the bill under discussion and has also strayed a little bit from his own place in the house.

Mr. Winch: Stay with this bill, because I support one and I oppose the other.

Mr. Small: I must apologize, sir, but I thought we were still in committee of the whole. I had forgotten that we were considering third reading.

You, sir, have said that the bill relates to the matter of appointments to the tariff board. However, the hon. member for Assiniboia continually referred to the fact that the measure was introduced for the purpose of raising tariffs. He said that the tariff board was going to be used as the machinery for increasing tariffs. I thought I should like to refute the statements by the hon. member that this is the position this party takes.

However, we have no apology to offer for the fact that we did have to increase some tariffs and will do so in the future. If the hon. member will examine his own position in so far as agriculture is concerned he will find that with the agricultural prices stabilization legislation, deficiency payments, storage of grain, the Crowsnest pass freight rates, acreage payments, all these benefits and assistance amount to nothing less or more than protection. I am not opposed to them, and I am happy that agriculture has been granted these benefits. However, I would say that when he starts to talk about protection and high tariffs he should examine his own situation because those things I have mentioned amount to a high tariff policy and can be regarded in no other way, and labour should be informed of this free trade policy of the new party.

Mr. Deputy Speaker: The motion is for third reading of Bill No. C-74, shall the bill pass?

Mr. Argue: On division.

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

CIVIL SERVICE ACT

The house resumed from Tuesday, March 7, consideration of the motion of Mr. Fleming (Eglinton) for the second reading of Bill No. C-71, respecting the civil service of Canada.

Mr. J. T. Richard (Ottawa East): This legislation, designed to improve the Civil Service Act, is most important because more than ever before a good civil service is absolutely essential to good government. The need for properly qualified civil servants can be attributed primarily to the increasing role of government with the result that we have to rely more and more on a number of experts, highly qualified administrators. Their position and prestige should be consistent with their new importance. The complex issues which government has to face require the advice of highly qualified people, although ministers must always take responsibility for public administration decisions on policy matters.

In parallel development our Canadian universities and other institutions have been producing for several decades an increasing number of experts in the social sciences and in various fields of government activity with the result that while the need for expert advice was growing rapidly in the government service, the number of Canadians highly qualified to meet that need was also increasing.

It is widely recognized that the Canadian civil service is one of the best in the world. It is composed at all levels of men and women who are well qualified to perform their important functions, who are devoted to the service of their country and entirely loyal to the government of the day; and those who give loyalty and service have a right to expect confidence, support and encouragement, conditions that will make them more effective.

The quality of our civil service is also due to our legislation which has been based since 1918 on the merit principle. The adherence to that principle has enabled the Canadian government to attract to the service highly qualified people in various fields who have decided to make a career in the public service and who very often refused better paid careers outside it.

Although the Civil Service Act has proved to be of great value to the civil servants and to the government over the years and has provided a general framework which has led to good relations between the government and its employees, experience has shown that the legislation enacted in 1918 needed to be changed in several respects in the light of the important changes in the role of government which have occurred in Canada since the end of world war II. As a matter of fact, there have been practically no changes since 1918. That is why at the beginning of 1957 the then prime minister, Right Hon. Mr. St. Laurent, asked the members of the civil service commission to review the act and the regulations and to examine the role of the commission in the machinery of government and to prepare a report including recommendations as to desirable changes to be made to our legislation.

It is a cause for uneasiness that so many top officials have left the public service in order to teach in universities or to work in industry or other professions. Whatever the reasons given to explain those resignations, they faced us with a disquieting situation; highly qualified personnel are leaving, and as a result serious damage is being done to the efficiency of public administration.

One cause of uneasiness has been the delay of the government in introducing legislation following the publication of the Heeney report. That report was presented to the government in December, 1958. Its recommendations were detailed and concrete, and legislation should have been introduced in 1959 for final consideration during the 1960 session. However, the government has delayed the introduction of its legislation until March 1961.

Another source of concern is the fact that the Minister of Finance (Mr. Fleming), not the Secretary of State (Mr. Dorion), is the government spokesman on matters related to the civil service and is introducing this bill. As we all know the Secretary of State has always been responsible to parliament for those matters. The fact that the Minister of Finance has become the champion and the defender of the civil service, after his performance on the salary issue last year, is a surprise to us and I am sure it is a source of concern for all government employees. At some stage during this debate I hope the minister will explain why he and not the Secretary of State is introducing this legislation.

We on this side of the house want to express our gratitude to Mr. Heeney and his two colleagues Miss Addison and Mr. Pelletier, for the most valuable report they have prepared on the subject of this legislation. We believe that their report will provide a most useful basis for the discussion and appraisal of the government legislation which is now before us.

The Heeney report contains recommendations regarding all aspects of the civil service including its relations with the government. I am sure that all of us in this house will agree with most, if not all, of the eight objectives set out in the report as the basis for this new legislation. The commission has made specific recommendations regarding organization and classification, compensation and allowances, recruitment, selection, appointment and promotion, transfers, discipline, appeals, the veteran's preference, languages, qualifications, and exemptions from the Civil Service Act, et cetera. That is all very well.

While we will want to discuss all the provisions of the bill, we intend to put special emphasis on the definition and the clarification of the rights of civil servants. I well recall that in a speech made before the institute of public administration of Canada in 1959, a member of the commission, Mr. Paul Pelletier, has this to say on this matter:

> —Since 1918, federal civil servants have had no legal rights whatever, except two. The first is referred to in section 45 of the Civil Service Act which provides that civil servants shall, on a mandatory basis, be granted certain statutory holidays. The second was only granted in May, 1953, with the enactment of the Public Service Superannuation Act—and that is the civil servant's contractual entitlement to pension under certain conditions. But otherwise, the civil servant has no statutory rights. He is not entitled to his pay cheque until it is in his pocket. He can legally be dismissed without cause and without notice. I would not wish to suggest for one moment that civil servants are dismissed frivolously. Quite the contrary. Nor would I suggest that any civil servant is in any kind of danger of not receiving his fortnightly pay cheque at the appropriate time. But the fact remains that his statutory rights are virtually non-existent. The commission felt that at the present state of our constitutional development civil servants should be given certain statutory rights.

We on this side of the house completely agree with that statement. We also feel that in this respect the bill does not go far enough, and at a later stage of the discussion we shall make specific proposals to the government regarding a fuller recognition of these statutory rights of civil servants.

I do not intend at this stage to discuss all the provisions of the bill. We intend to postpone this detailed consideration until the proposed legislation has been considered by the special committee. For the time being, I wish to confine my remarks to one issue only—an issue which I consider to be basic—

namely, the question of collective bargaining, or, as I would prefer to call it, collective negotiation.

The lack of statutory rights is well illustrated by the way in which salaries in the civil service are determined. In 1959 the civil service commission decided to reconsider the salary question. After consultation with the staff associations and with the assistance of its pay research bureau the commission recommended to the Minister of Finance that a general increase in salaries be granted. After long delays, the minister announced in October that he could not accept the commission's recommendation. No adequate reason was given by the minister in justification of his stand. The report of the commission was not released, with the result that civil servants could not even know what increases in salary had been recommended by the commission and refused by the Minister of Finance.

Such a situation is intolerable in Canada and must be remedied. But the present bill does not provide any adequate improvement in this respect. I shall not refer in detail to clause 7, though the minister did refer to it last night, except to say that consultation is possible and can be initiated by the staff or by the minister.

Mr. Fleming (Eglinton): Or by the commission.

Mr. Richard (Ottawa East): If the minister does not object, I will read the clause:

> The commission and such members of the public service as the Minister of Finance may designate shall from time to time consult with representatives of appropriate organizations and associations of employees with respect to pay and other terms and conditions of employment at the request of such representatives or whenever in the opinion of the commission or the Minister of Finance, as the case may be, such consultation is necessary or desirable in the interests of the civil service or the government.

This is not satisfactory. Even if under this new provision the staff associations were to be placed in a position to initiate consultations this new prerogative will be ineffectual. Consultations will never be a substitute for genuine negotiations. How are the civil servants to know that the government had adopted a course which requires consultation? The time has come to face the issue of collective bargaining squarely and frankly. In our country all municipal employees, including policemen and firemen, have obtained the right to collective bargaining. In the federal field the majority of the employees of crown corporations already enjoy such a right. But ordinary civil servants have no right whatsoever in this respect. This has become a serious anomaly and an unfair discrimination.

In Great Britain, Australia and New Zealand the right to collective bargaining has been granted in one form or another to civil servants.

Mr. Bell (Carleton): By statute?

Mr. Richard (Ottawa East): Yes.

Mr. Bell (Carleton): That is quite wrong.

Mr. Richard (Ottawa East): The hon. member can speak later and he will have plenty of opportunity because he is a know-all.

In the United Kingdom, the national Whitley council agreement on arbitration for the non-industrial civil service has now been in force more than 30 years. When that agreement was signed in 1925, the British government undertook to give effect to arbitration awards "subject to the overriding authority of parliament". In an article published in the autumn 1960 issue of the review *Public Administration* and entitled "Arbitration in the British Civil Service", Professor S. J. Frankel has described the scope, the machinery and the procedure of the British system. I would like to quote extensively from that article. Professor Frankel describes as follows the area where arbitration can be applied:

> Briefly, the arbitration agreement provided that claims falling within certain defined limits could, failing agreement, be referred to the industrial court on the initiative of either side. Claims which could be taken to the court were those affecting the emoluments, weekly hours of work and leave of a class of civil servants.

A basic salary line of £700 per annum was set above which claims could not be referred to arbitration without the consent of both sides. This figure has been modified over the years in keeping with the general movement of civil service pay.

The machinery of arbitration is simple enough:

> The original agreement had placed the machinery of arbitration within the framework of the industrial court. This was changed in 1936, when the civil service arbitration tribunal was established as a separate entity. The tribunal for any given case is made up of the permanent chairman who is appointed by the minister of labour after consultation with the parties to this agreement, one member drawn from a panel representing the Chancellor of the Exchequer, and one from a panel representing the staff side of the national Whitley council.

The procedure followed is informal and speedy:

> The first step is to determine the terms of reference or terms of remit. These are generally agreed by both sides and sent to the civil service arbitration tribunal. Where there is a failure to agree on the terms of reference each side may submit its own statement of the claim. The tribunal normally tries to arrange a hearing of the case within six weeks or receiving the terms of remit. In any event, it must give the parties at least 21 days' notice of the date of the hearing. The parties, in turn, prepare a full statement of

their respective positions which must be in the hands of the tribunal at least 21 days before the hearing. The tribunal is thus well briefed on the substance of the case.

Procedure at the hearing is not overly formal. Each side has one spokesman who is assisted by a group of advisers. The spokesman for the claimant is first in reading his statement of the case. This is substantially what was submitted to the tribunal in advance except that in reading it there is an opportunity to amplify some points and amend any errors or inconsistencies that might have been overlooked. Members of the tribunal may interject questions during the course of the presentation. The claimant is followed by the spokesman of the other side, who usually begins by reading his statement of the case and ends with a rebuttal of the main points advanced by his opposite number. The first spokesman is then permitted to make his rebuttal. The hearing is adjourned and a written award is transmitted to the parties in due course.

According to Professor Frankel, more than 600 cases have been brought before the arbitration tribunal since 1925 and all but 25 awards were unanimous.

The Whitley council system, as applied in Great Britain, may not be completely suitable to Canadian conditions. This experience of 30 years shows, however, that the right to genuine negotiations and arbitration in the civil service is compatible with our system of parliamentary democracy and is conducive to good relations between the government and its employees.

The views of the official opposition on this most important issue can be summarized as follows:

1. We believe that the present Canadian system which provides only for consultations is completely inadequate to protect the fundamental right of the civil service for participation in collective negotiations, while our view is that the right to strike should not be granted to the civil service and that a strike should not be tolerated in the government service.

2. We believe that civil servants should be granted the right to joint negotiations and arbitration provided that the supremacy of the parliament is safeguarded.

3. We do not intend at this stage to put forward a concrete and detailed proposal which would embody those rights but we will suggest such a system, if necessary, when we reach the committee stage.

4. We firmly believe that this most important issue should be considered objectively and carefully by all hon. members of this house and that it should not become the subject of a partisan controversy.

The bill is one of the most important that can be submitted to any parliament because its purpose is to provide for the efficiency and the integrity of the civil service which is so essential to modern democracy. I want at this stage to quote the conclusions of Professor E. N. Gladden's book entitled "Civil Service or Bureaucracy".

The nation needs more than ever before a civil service capable of the highest devotion and sacrifice to its service and this presupposes an esteem, on the part of those who serve, much higher than exists today. We need a body of civil servants even more efficient than those of a past age and this presupposes professional standards far above anything visualized before. The officials of the future will need higher qualifications to deal with much more difficult tasks and situations. They will need to combine a sense of political impartiality as high as ever with an awareness of the world only achievable through the maintenance of a living interest in all that goes on in life in the broadest sense.

Such ends can no longer be achieved through a narrow oligarchic system admirably suited to a Platonic world. In the new civil service there will have to be embodied the principle of equal opportunity toward which the wider community is gradually moving. The community will not get its new civil service on the cheap, but from its efficiency it will derive an economy that mediocrity will never produce. Bureaucracy, whether of the efficient or the inefficient variety, will be dear at any price, as all history shows. Above all the new civil service, like the new world, will only emerge on the wings of a more liberal understanding.

Mr. Speaker, we intend to study the bill very carefully and see to it that the best possible legislation is approved by parliament. We owe it to the civil service to do so and in so doing we feel that we will render as well a great service to all Canadians who have been throughout the years so ably and faithfully served by a civil service second to none in any parliamentary democracy.

(Translation):

Mr. Speaker, this legislation should contain special instructions with regard to the use of the French language. This being a bilingual country, it is essential that the qualifications for positions requiring some knowledge of French or English be specifically stated.

A bilingual applicant should not find himself in an inferior position. An applicant must obviously retain his right of writing in his own language an examination for a position where a knowledge of his language is required, but after all, it seems to me that when an applicant is qualified in both languages, he should have priority over the others.

(Text):

Mr. Arnold Peters (Timiskaming): Mr. Speaker, we are indeed pleased to again have this bill before parliament and to note with interest some of the comments that were made by the minister. We are aware of the fact that the civil service in Canada has been built up from a very small beginning some years ago to a necessarily large but efficient force and that any change in the Civil Service Act must be studied carefully.

I am sure we are all aware that the civil service has done a service to Canada, and will continue to do so, but will be able to operate only in as effective a manner as is allowed under the legislation. I believe that we will find many faults in the suggested proposals and the operation of the act as it will be enforced because over the years the situation has changed very dramatically. I believe the foremost thought in the minds of parliamentarians at the time the Civil Service Act was last amended in 1919 related to the providing of a protection against political patronage. In spite of this government and previous governments the question of political patronage has not been a threat to the effective operation of the civil service that it was many years ago.

We are now faced with a changed time and a changing situation which might allow patronage to exist in the civil service. Patronage or a tendency to patronage generally exists in large organizations and therefore the necessity is self-evident for a strong grievance procedure, strong protection and strong agreements.

We believe that some change must take place in the operation of the civil service commission itself. It might even be suggested by the civil service commission that if it were to function as the representative of management in relation to wage negotiations and conditions of work, then it would not serve a useful function at all. The government is indicating in the changes it is making that the trend and the tendency may be toward delegating negotiating authority from the civil service commission itself to the departmental heads. I strongly suggest to the minister that this would not be a satisfactory situation. I suggest that in increasing the authority of the departmental heads we are opening the door to patronage in the civil service.

Patronage itself, even in a political sense, is not dead, Mr. Speaker. We all know that the messenger service and some of the other staffs around the House of Commons fall within the purview of patronage, and that you have to talk to a certain member to receive a job even as a messenger. I think these instances are remote and very few in number. I believe that in this respect the civil service has done a remarkable job in remaining beyond the field of political patronage. With this thought in mind, we strongly recommend that the government give a great deal of attention and active consideration in the committee to setting up a much stronger negotiating position and grievance procedure for its employees. If we delegate more authority to the deputy ministers and allow the deputy ministers to delegate their authority down through the ranks—which is sure to happen—then difficulties will arise which will be very difficult to solve. In the civil service we should have the same kind of relationship between the employee and the government of Canada as exists in any other type of plant in industry.

We are all aware that the situation in the civil service has been changing in the last number of years. Changes have been taking place which were not contemplated when the act was last amended in 1919. Part of this change has to do with promotions and the opportunities for promotions. When a department or a section of a department, was very small it was quite possible for a junior clerk coming into the department to look into the future and foresee the time when he could be the head of the department, how he could rise in his position and eventually reach the post of deputy minister. We are all aware, I am sure, of the special technical training that is essential to enable a man to fill some of the higher technical positions in the civil service. Because many of these positions are technical in nature it makes promotion difficult within the division.

One of the problems within the civil service, as I have heard it discussed, is the lack of opportunity for promotion of many employees in the lower ranks. When a job within a division is posted or advertised many of the employees are not concerned because they have not the training to fit them for that position. No opportunity is available to permit them to obtain the type of training that would put them in a position to compete with members of the Royal Canadian Mounted Police or the armed services.

In the armed services we have given, at government expense, training in skills and specific trades to many of the personnel. When a competition is advertised the people who have been trained at government expense can make application for that appointment, and in many instances they will have a better opportunity to get the position than someone lower down the scale in that particular division for the simple reason that opportunities for training are not available to the civil servants, as they are to those in other services who are quite often in direct competition with them.

It has been suggested on many occasions that this type of training be instituted by the departments themselves; that opportunities should be made available to the civil servants to avail themselves of training to fit themselves for job promotion. What happens is that those who are not fitted for promotion at the present time drop whatever desire they may have had for saying that they are white

collar workers and therefore are obviously in a preferred position. They now realize that they have a job of which the hours of work, the pay and the fringe benefits are the main features. Therefore they are insisting now, and they are going to increasingly insist in the future more than they did in the past on fair and reasonable terms and a much closer relationship between civil service rates of pay and fringe benefits and those of organized labour.

Unless we are willing to provide the machinery and set up opportunities to permit them to better their own station, and also handle negotiations in a much better way than we have in the last two or three years where hand-outs coming from the government pretty well dribbled down to one section of the civil service and then to another we shall find the civil servants very dissatisfied. These are not the types of negotiations or arrangements that we wish to have or maintain within the civil service.

This matter has been discussed in other countries. I think we should be very proud of the civil service and the job that they have done, particularly when we compare their pay with that received in other countries. New Zealand, Australia, Britain and many other countries have done a great deal more than Canada in establishing a workable type of pattern under which the civil servant feels that he has some rights; that his is not a patronage job; that he cannot be removed because somebody just does not like him; and under which he has grievance procedures which can handle his complaints on a fair and reasonable basis. We in Canada have been lax in this regard, but we have achieved a high degree of satisfaction from our civil service without doing some things that as a government we should have done.

In England in 1923 the Whitley council was established. It is known as the Whitley system. Under this system they have operated with satisfaction in so far as their relations with the government are concerned. Australia and New Zealand have developed similar methods of grievances and contract procedures. I believe that now is an exceptionally good time for the government to examine what has been done in those other countries, and then do something for Canadian civil servants.

One of the reasons that is always advanced as to why we cannot do right by our civil service in relation to grievance procedure and collective bargaining procedure—this has become an important factor—is that many more people are now in the class in which the civil servants felt they were many years ago, that is, they felt they were unique. Recently we have seen instances of industrial unions trying to organize bank employees, for instance, and to organize employees in the offices of companies where the unions have for many years had a bargaining relationship with respect to the industrial plants of these companies.

When someone says that there should be a grievance procedure, that there should be some direct method of negotiation with the employer, someone will immediately say that if the employees do not get what they want they will go on strike. Although the civil service associations have requested direct negotiation with the employer and the establishment of a grievance procedure, not one of these associations has ever asked for the right to strike if the differences of opinion involved cannot be settled. This right has not been sought and is not contemplated. When people raise the issue that to grant these requests would only result in strike action I think they have not given too much consideration to what has been done in other countries or to what has been done in this country with relation to white collar workers.

I think we should look at what the advantages would be if each employee felt he had the right to negotiate directly with his employer, the right to certain protection under a contract which would not be laid down for him by the civil service commission but which would be a contract in whose negotiation he had some participation and as a result would have some direct interest in the contract under which he was working. I believe the committee will give very serious consideration to the whole matter in relationship not only to what is being done in other countries but also what is being done in respect of employees in other fields of endeavour similar to the civil service of Canada.

Some consideration should be given to the situation as it has developed in some of our provinces. In Saskatchewan, for instance, civil servants have the right to collective bargaining procedures. They have the same right to the benefits of collective bargaining that other employees throughout the province have. This right has not resulted in any serious disruption of the civil service in that province, its relationship with the government of the province or its immunity from political interference.

We are certain that many of these matters will be discussed in the committee. I was pleased that the minister outlined his reasons for introducing the bill last year. I am also pleased that he listened to the representations that were made from many quarters and withheld the bill until there would be an opportunity for it to go to a small select committee which would be able to hear all arguments and make a decision that would not be

completely a government decision but one that would take into consideration the views of the various associations and unions representing civil servants and the views of those who are not now immediately within the scope of the civil service.

There will be an opportunity for these organizations to appear and I am quite sure that this will result in a better act which will not only benefit the operations of the government but will make civil servants themselves feel that they have a greater say in their affairs and an enhanced opportunity for advancement with the result that they will have an increased desire to remain within the sphere of the civil service.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, at the outset of my remarks, I should like to refer to the brief submitted to the Prime Minister of Canada (Mr. Diefenbaker) by the conseil de la vie française with regard to the ratio of bilingual or French-speaking Canadians in the federal civil service. Allow me to quote part of this brief:

> Since 90 per cent of bilingual civil servants are French Canadians and since, at the same time, the number of French Canadians in the civil service is only half of what it should be, it follows that in large sections of the public administration bilingualism is non-existent to such an extent that the language of communication within the departments is the English language and that the French Canadian taxpayer is often hard put to be served in his own language.
>
> In our humble opinion, an even more serious result stems from the influence of the civil service over the administration of Canada and the very life of the nation. Because the majority of civil servants have no knowledge whatsoever of one of the official languages and cultures in our country, the French speaking citizens are ruled according to standards of thought which are exclusively English. It is no surprise, therefore, that they are increasingly being excluded from the federal administration, the public services, the armed forces and the large crown corporations. In short, they are being deprived of the place to which they are entitled in their own country.
>
> Drastic reforms are necessary if Canada is to remain a bilingual and bicultural country, a country where Canadians of French origin will feel at home. Such reforms have been suggested on various occasions. We shall not go over them today. In the circumstances, one can readily understand that the French Canadians are hardly attracted to the federal service, in view of the fact that entry requirements are based exclusively on English standards and that they must give up their language in the actual performance of their duties.

Mr. Speaker, let me quote another excerpt of this brief:

> Nine departments have shown an increase of 2.3 per cent in the number of French Canadians, as compared to the total number of employees between 1951 and 1958. In 1951, French Canadians represented 10.3 per cent of the total staff of these departments, and they reached 12.6 per cent in 1958.

Mr. Speaker, I shall now give the list of those departments: veterans affairs, agriculture, the Auditor General, the Royal Canadian Mounted Police, fisheries, national revenue, secretary of state, labour, national film board.

> On the other hand, the proportion of French-Canadian employees has dropped in 15 departments. The discrepancy is 3.6 per cent. Strange, but in the departments where the number of French-Canadians has increased, their contribution which was 10.3 per cent in 1951 became 12.6 per cent in 1958. In the departments showing a decrease, their contribution went down from 12.5 per cent in 1951 to 8.9 per cent in 1958, almost in reverse proportions.

Those departments are the following: external affairs and, if I may be allowed a digression here, I would point out that the proportion of bilingual Canadians within the Department of External Affairs is quite poor. You know who for many years was deputy minister of external affairs and later became Secretary of State for External Affairs.

I continue: citizenship and immigration, trade and commerce, civil service commission, national research council, national defence, finance, printing bureau, justice, mines and technical surveys, post office, resources and economic development, national health and welfare, transport and public works. As far as the crown corporations are concerned, their shortage of bilingual or French speaking employees is appalling.

> They can hardly be found in such crown corporations such as the Canadian National, the air transport board, the Bank of Canada, Canadian Arsenals, the industrial development bank, Atomic Energy of Canada, the department of insurance. They are non-existent in the Department of Trade and Commerce and in the finance department.

Those remarks, based on the brief submitted by the conseil de la vie française, are made for the sake of national unity and not out of any narrow-mindedness.

I am confident that government authorities and the civil service commission will undertake to correct this situation which constitutes a liability as far as national unity is concerned. By correcting this anomaly, we could more easily represent Canada to other nations as a bicultural and bilingual country.

I wanted to make those few remarks, and I should like to add this. I would be remiss in failing to point out that apartheid is not confined to South Africa; it is also found in the civil service generally. It may come as a surprise to some hon. members that in certain departments it is considered wrong to speak French; French-Canadian civil servants have to use the English language among themselves. That should not be.

It would therefore be well to investigate the matter with a view to exposing the situation and seeing that justice is done.

Indeed, I feel it is unthinkable that such a situation should be allowed to exist. If I am correctly informed—and I made a serious inquiry in the matter—I ask that the situation be looked into so that an end may be put to what I consider to be discrimination against one of the two official languages of this country.

Mr. Speaker, I think this bill concerning the civil service is not only timely, but overdue. The act has not been amended for the last 40 years. It was time that this government did something about it because there are very few acts in our statutes that have not been amended for the last 40 years.

This was not our job, Mr. Speaker, but since our predecessors have been neglectful on that point, this government has to take action.

I am not telling anything new when I say that all is not to the best in the federal civil service. Every year, many of our best civil servants leave the federal service and take up other jobs. This is not normal. Nor is it normal to let them go without doing anything to keep them, unless we want to maintain some sections of our public service as sanctuaries for complacent mediocrities.

However, in considering this very important bill, I believe the time has come to smash certain idols in the civil service, to cut down to size some of the demigods of high officialdom who think they can do anything because of their permanent status, and finally to reveal some of the scheming that cripples efficient administration and puts the whole civil service to shame.

Mr. Speaker, efforts are made to attract able people into the civil service. Why not first try to keep those who are already in the service, instead of treating like outcasts people who have proved their ability in related fields and who are scoffed at, ridiculed and deceived in the civil service, often by backward and incompetent officials.

I am not usually violent, but my association, two years ago, with the standing committee on estimates, enabled me to get acquainted with certain problems of federal administration. I took that opportunity to investigate matters and question people, and what we learned was not too nice. However, that unrewarding and disappointing work gained me the confidence of many civil servants who, in the hope of getting some improvement, took me into their confidence.

I received many letters and telephone calls, and many visitors. Some of those civil servants were acting from fear because they were afraid of reprisals in case it should be known that they had discussed their problems with a member of parliament. And I know that some section heads—not the more clever ones—will say: What does that member know about the civil service? What right has he to stick his nose into our business? To those people let me say in the first place that I was a civil servant myself for several years, during which I met, like anywhere else, men who were worthy of confidence, but also some very poor officials who were unworthy of the government's confidence. Let me also say that as an elected representative of the Canadian people, I have a right to know what goes on in the civil service and that it is even my responsibility to make sure that the government uses the people and the funds voted by parliament to give this country the first class service it deserves.

If the civil servants are not treated fairly by their superiors, they do right to talk things over with their representatives. It is our business to preside over the public welfare and to redress grievances. And I have known enough distressing cases to assure you that the need is there.

I have therefore been informed of many cases of injustice and maladministration brought to my attention by civil servants. Some of them were perhaps inclined to exaggerate, but most of them had a healthy attitude but were driven to desperation by the lack of understanding, indeed the incompetence of their superiors. I am under the impression that while our civil service includes an overwhelming majority of very good employees it also includes a distressing minority of political creatures who are an obstacle to efficient public administration and who tend to create a general atmosphere of fear and oppression. That must be stopped. An act of parliament, whatever its merits, will be of no avail unless we can change the morale of the civil service, unless we get rid of the deadwood, steeped in inefficiency and favouritism.

We have some very good civil servants, but there is a long way between that and blissfully accepting the hackneyed claim that it is the "best civil service in the world". That I cannot believe in view of the things I have been told in confidence.

I am quite prepared to admit, Mr. Speaker, that those may have been special cases. That was my own reaction at first. But today, I am convinced that there is in the public service a clique whose leaders are found among the political creatures who never could stomach the defeats of 1957 and 1958. I will not mention names at this time, but my colleagues know as well as I do about the wall that stands in our way whenever we try to get information or find out the reasons for a particular appointment or promotion. There are people there who protect themselves, people who care little about the efficient administration of public affairs but are more concerned with trying to work against the government, so that the people will turn against it at the next elections. I know, Mr. Speaker, that this is a serious charge, and I say it with severity, because we in this house are faced with a government within the government. When you have to ask two or three different questions to elicit information from witnesses appearing before committees, when witnesses plead ignorance of the facts or refuse to disclose some information, it looks bad. In my opinion, a reform is necessary.

No private industry could survive if it were administered as the government is in some departments. No businessman could keep from boiling over if he saw the favouritism and incompetence which prevail in some areas of the administration—and I am not referring to the fact that some civil servants hardly get 40 minutes off for lunch. Not one of us in this house would accept to work under conditions such as are the lot of some civil servants. How could we allow such a situation to endure and civil servants to be subjected to it without even having the right to complain?

Perhaps you would like some proof of my assertions; perhaps you want to know what the civil servants are silently complaining about, because they do not dare raise their voices lest they be ostracized or punished or cast aside. I could read many letters I have received; I could draw a long list of their grievances; and all this would be only the voice of those who have had the courage to protest a situation that this government has inherited from its predecessors who appointed to some key positions their minions and their sbirros.

Do you want to know what the complaints are about? They are about daily inequities; they are about maladministration in some departments; they are about the inefficiency and partisan spirit of some officials. And I limit myself strictly to the charges I felt bound to make because they concern the administration of public affairs.

I will spare you the petty or scurvy tricks and private spite which can develop into every day fare, and can be exercised particularly two or three times a year when the head of a branch prepares an efficiency rating concerning each of the employees under him.

That is the time when promotions are settled for those who knuckle down and hold their tongue, for those who work like slaves so that their supervisor may go to a higher official and brag smugly about the high efficiency of his department; but it is also the time when some are eliminated because they are not found fit for the job, but suited, not always on professional grounds.

If an underling dares offer a suggestion or make a protest against an injustice, it will be entered on his rating, unknown to him, that he is refractory and steps towards his dismissal will even be taken should a difficult situation develop. Afterwards any legal procedure before the courts will be carefully avoided if the civil servant who feels he has been wronged wants to appeal to the courts and to assert his rights as a free citizen.

This method of evaluating the conduct and efficiency of their staff can turn to be the most sinister weapons in the hands of devious supervisors. There are also complaints about the narrow-mindedness of some officials viciously persecuting employees who are only trying to do their duty on religious holidays—which they should do—and who grin and ridicule people who want to comply with the requirements of their faith.

Others claim that some officials tried to stop their subordinates from voting in the province of Quebec, claiming that the government of the day was led by a man with whom the federal Prime Minister was not on good terms. I hardly need to quote any names.

Moreover, there are protests against officials who tolerate a whole section considering itself above all rules and regulations, and who allow their favourites to arrive at the office at any odd time in the morning, whereas other civil servants have to take a cut in salary when they come late because of a storm or because they missed their transfer to another bus, or again, because of some stupid closing of the bridge to Hull. Neither do I need to quote any names here, for here again, those responsible for this discrimination will recognize themselves.

There are grievances against high officials who are never there when some decision must

be taken or who make their subordinates work after regular hours out of sheer maladministration.

Others again claim—and this is almost unjust and even insolent—that all civil servants are not entitled to the same number of holidays and that leave is not in proportion to the working days. People complain that overtime, or additional time periods, are in most cases not paid in cash but that employees have to work three and a half hours on end to earn half a day's leave, which in many cases they would rather not have, in order not to be compelled to add those three and a half hours to their normal day of work. And again, overtime has to be calculated as from the moment when the employee signs in which means, if it is Saturday morning, that he may have to spend an hour in the bus coming to the office and another hour when he goes back home.

Some also claim that in the odd branch and the odd department, employees are prevented from taking their holidays when they please. There are some seasons when public servants may not be absent, and they live outside normal society. They are told that no one asked them to work and that they can go and find employment elsewhere. Is that a way of dealing with public servants? Would you and I accept to be treated in this way? After all, those people are our employees, and it is up to us to teach a lesson to some officials who are unfair to the minor civil servants.

Some claim, moreover, that civil servants cannot air their grievances, because the associations which represent them, though they are doing their best, do not have the authority of a professional organization.

These complaints had to do with ascertained and repeated inequities. I might also point out certain grievances no less serious but more difficult to eliminate, cases of obvious mismanagement. Civil servants wrote to me and came to see me to say that they are losing faith in civil service commission examinations because of the results and promotions. That is serious, and if you refer to some of the answers given last year in the committee of the house during the discussion of the operation of the civil service commission, you will find that the witnesses were unable to swear that all the positions under the commission had always been and are still being filled on the basis of competence. This is another thing we inherited from our predecessors.

How is it that applicants for the same examination, who all know each other, who know each other's ability and qualifications after working together for years often find that the less qualified candidates succeed, get promotions and are sent abroad.

How is it that it is often known beforehand that such or such an applicant, for reasons known to their competitors, will certainly be the only ones who qualify? And if unsuccessful candidates make enquiries, they are told to write to the secretary of the commission or to ask for a review of their examination sheets. And of course, when those sheets are reviewed, it is found that the examining officers have not marked them, that it is just a simple appreciation given by anonymous examiners and that it is a a foregone conclusion that the review will confirm the results of the original examination. It is a serious situation, Mr. Speaker, and I have received enough complaints to believe that such doings which are beyond even the commission's control, are the responsibility of a clique of examiners who form a kind of family compact and regard their jobs as a game preserve.

May I continue, Mr. Speaker? It is six o'clock.

(Text):

Mr. Deputy Speaker: Is it agreed that the hon. member shall call it six o'clock?

Some hon. Members. No.

Mr. Winch: Is the hon. member through, Mr. Speaker? If so, I should like to have the floor.

Mr. Pigeon: No, Mr. Speaker. I will go on with my speech.

(Translation):

Some are complaining about the fact that, at the discretion of certain heads of departments some branches are left short of one or two civil servants who are granted extended leave without being replaced, in order that they can be given back their jobs upon their return, while their colleagues have to do the job of the employee who is away and who will be promoted ahead of them because he went abroad to study at their expense. There are complaints also to the effect that some civil servants—and among them some high ranking officials—who have used the installations in their laboratories or offices, on the government's time and for personal purposes, to do private work for other people or outside companies and for which they are paid.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire of the house leader what the business will be for Thursday and Friday?

Mr. Churchill: Tomorrow, Thursday, we will commence with the estimates of the Department of Labour. On Friday, if it is agreeable to the other side of the house, I think it would be acceptable to us if we could complete the debate on this particular bill which subsequently will go to a special committee. If that is done in reasonable time on Friday, we would then continue with the estimates of the Department of Labour.

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

Questions

ANSWERS TO QUESTIONS

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

IMPORTS AND EXPORTS OF AGRICULTURAL PRODUCTS

Question No. 113—**Mr. Boulanger:**

2. What is the total export of agricultural products, in value, on an annual basis for the period of 1957-60 inclusive?

2. What is the total export of agricultural products, in value, on an annual basis for the period of 1957-60 inclusive?

Answer by: **Hon. George H. Hees (Minister of Trade and Commerce):**

1 and 2. Statistics of imports and exports of agricultural products are not available. Total imports and exports of products of "farm origin" for the years 1957-1959 are as follows:

(Statistics for 1960 have not yet been compiled)

	1957	1958	1959
Imports	$1,071,326,424	$1,055,389,192	$1,125,394,810
Exports of Canadian produce	986,901,003	1,113,147,947	1,063,717,735

NEW FEDERAL BUILDING, WOODSTOCK, ONT.

Question No. 115—**Mr. Martin (Essex East):**

1. Did the Postmaster General authorize a statement made recently by the hon. member for Oxford to the mayor of Woodstock to the effect that a new federal building was to be built in Woodstock immediately?

2. Has a local official of the Department of Public Works in London, Ontario, been authorized to accept offers for the sale of certain property in Woodstock for the purpose of obtaining the land for the proposed new federal building?

3. What progress has been made in obtaining land for the proposed new federal building?

Answer by: **Hon. Leon Balcer (Acting Secretary of State):**

1. The Postmaster General did inform the hon. member for Oxford that a new federal building in Woodstock was to be undertaken as rapidly as possible, depending of course, on acquisition of a suitable site and the preparation of plans by the Department of Public Works.

2. Department of Public Works officials in Toronto and London have been instructed to investigate possible sites for a new federal building in Woodstock. In doing this, they are, as a normal practice, authorized to obtain offers for the sale of properties that may be suitable.

3. A preliminary report on a number of properties has been received, but a final recommendation has not yet been made.

CIVIL SERVANTS WITH SALARIES AND TRAVELLING EXPENSES OF $10,000 OR MORE

Question No. 121—**Mr. Robichaud:**

What is the total number of federal civil servants whose salary and travelling expenses totalled $10,000 or more for the fiscal year ended March 31, 1960?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

By agreement with Mr. Robichaud the question has been rephrased as follows:

What is the total number of federal civil servants receiving salaries of $8,000 or over, whose salary and travelling expenses totalled $10,000 or more for the fiscal year ending 1960?

1,689. This does not include members of the armed forces or the Royal Canadian Mounted Police.

MAIL CONTRACT, ST. REMI-MONTREAL-HUNTINGDON, QUE.

Question No. 126—**Mr. Dupuis:**

1. To whom was awarded the mail contract covering the St. Remi-Montreal-Huntingdon territory, and on what date was the award made?

2. At what price was the present contract awarded?

3. What is the mileage involved in this contract?

4. Have new tenders been asked recently for the said contract?

5. On what date are these tenders to be opened?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Mr. Marcel Roy, 24th June 1957.

2. $13,901.12 per annum.

3. Night trip, 127.3 miles round trip; day trip, 133.4 miles round trip.

4. No, but steps are being taken to invite tenders in the near future.

5. Due date for tenders not known as yet.

REQUESTS FOR INVESTIGATION INTO STEEL PRICING POLICIES

Question No. 131—**Mr. Argue:**

1. Has the government received any requests since January 1, 1958, from any union asking the government to investigate the pricing policies of the Canadian steel industry?

2. If so, from whom were they received, on what dates, and what was the content of the request?

3. Has the government replied to any of these requests?

4. If so, on what dates, and what was the nature of each reply?

Answer by: **Hon. George H. Hees (Minister of Trade and Commerce):**

1. Yes.

2. In a memorandum submitted on behalf of the united steel workers of America, dated January 20, 1959, the government was urged to conduct an investigation of steel prices.

3. Yes.

4. A meeting was held between the Minister of Trade and Commerce and his senior officials and representatives of the union.

HOUSE OF COMMONS

Thursday, March 9, 1961

The house met at 2.30 p.m.

THE ROYAL ASSENT

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

GOVERNMENT HOUSE

Ottawa, 9th March, 1961

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, Chief Justice of Canada, acting as Deputy to His Excellency the Governor General, will proceed to the Senate chamber today, 9th March, at 5.45 p.m., for the purpose of giving royal assent to certain bills.

I have the honour to be, sir,

Your obedient servant,

E. Joly de Lotbiniere
Assistant Secretary to the Governor General

STANDING ORDERS

Sixth report of standing committee on standing orders—Miss Aitken.

TRADE

ANNOUNCEMENT OF SIXTH MEETING OF JOINT CANADA-U.S. COMMITTEE

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I wish to make an announcement respecting the sixth annual meeting of the joint Canada-United States committee on trade and economic affairs. This meeting will be held in Washington on March 13 and 14, as was indicated in a joint statement by the Prime Minister and President Kennedy during the former's visit to Washington on February 20.

Canada will be represented by the Minister of Finance, the Minister of Trade and Commerce, the Minister of National Revenue and the Minister of Agriculture. The United States will be represented by Hon. Dean Rusk, Secretary of State; Hon. George W. Ball, undersecretary of state for economic affairs; Hon. C. Douglas Dillon, Secretary of the Treasury; Hon. Stewart Udall, Secretary of the Interior; Hon. Orville L. Freeman, Secretary of Agriculture; and Hon. Luther H. Hodges, Secretary of Commerce.

This will be a regular meeting of this committee for the purpose of discussing economic and trade matters of mutual interest to our two countries. These meetings have proved valuable over the years in furthering understanding between the two governments on questions affecting their economic relations.

The last meeting was held in Washington on February 16 and 17 last year. The venue for these meetings has alternated between Ottawa and Washington. However, the committee is meeting again in Washington this year in order to expedite consultation and as a matter of convenience to the new United States administration.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, as the Acting Prime Minister has said, over the years this committee has proved its usefulness, and no doubt when it meets next week it will have an opportunity to add to that usefulness because there are a great many immediately urgent questions in the economic relations between the two countries to which consideration needs to be given. I would hope that the Acting Prime Minister and the other members of the Canadian delegation to the conference will see fit to bring up such questions as tourist purchase exemptions, which are now before the United States congress and, indeed, the impact on United States-Canadian trade and economic relations of some of the new economic policies of the new United States administration.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I think this meeting is very much needed at this time to discuss some of the important economic problems facing our two countries. Particularly in the field of agricultural surpluses it is necessary in my opinion to have an understanding with the United States so that Canada, as well as the United States, will have the opportunity to increase its exports of agricultural products. I am also certain that on the agenda should be the question of oil exports from Canada, with the hope that we can increase our exports of oil to the United States. There are many other outstanding economic problems on which I do not need to elaborate at this time. I am hopeful that this meeting may bear fruit.

[*Later:*]

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. I would direct the minister's

attention to the statement he made respecting the forthcoming annual meeting at the ministerial level with respect to trade matters between Canada and the United States.

I refer the minister to the general report after a similar meeting in 1959, when it was indicated that with respect to the sale of wheat abroad these two governments had reached an understanding that what might be known as sales under concession would not be made by the United States to Japan or western Europe. Is the minister aware that there is strong evidence that in recent times sales to Italy by the United States have been on a concession and not a commercial basis? Is the minister considering including this item among the items to be discussed when our delegation goes to Washington?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, as the hon. member knows, it has not been customary to disclose the agenda for these meetings before they actually take place. There is wide scope to discuss all questions having to do with economic and trading matters during these conferences. A report will be made to the house as soon as the Canadian ministers return to Ottawa. I think the hon. member can rest assured that all such questions which are of interest to Canada will be discussed.

Mr. H. W. Herridge (Kootenay West): I have a supplementary question, Mr. Speaker. I wish to address my supplementary question to the Minister of Finance, who is also responsible for the administration of the Bankruptcy Act. In view of the fact—

Hon. Donald M. Fleming (Minister of Finance): No, Mr. Speaker, the administration of the Bankruptcy Act falls under the responsibility of the Department of Justice.

Mr. Herridge: Then I address my question to the Minister of Finance on account of the minister being a delegate to this coming trade conference. In view of the fact that a number of United States lumber companies in southeastern British Columbia have in recent years gone bankrupt under very suspicious circumstances, and in view of the fact that the Hilco Lumber Company at Fruitvale, recently went bankrupt leaving Canadian employees with wages in arrears for months—

Some hon. Members: Question.

Mr. Herridge: I am laying the ground for it. In view of these facts, will the minister discuss this problem—it is a serious one to many Canadians—at the coming conference on trade and economic affairs?

Mr. Fleming (Eglinton): Mr. Speaker, I would think a question of that kind should first be taken up with the appropriate Canadian authorities. If there is some question in regard to the law the matter should be brought to the attention of the appropriate department. It is not the sort of matter that would be appropriately introduced into a discussion until there has first been that kind of groundwork laid and investigation held.

[*Later:*]

Mr. Herridge: Mr. Speaker, I would like to ask a supplementary question of the Minister of Finance. In view of the fact that the commercial attache to the United States embassy has expressed concern in regard to these bankruptcies and has offered his cooperation in an effort to correct this situation, would the minister place this on the agenda in the interests of Canadian citizens?

Mr. Fleming (Eglinton): Mr. Speaker, the question could be examined, but I might point out to the hon. member that even if the subject may not be ripe for inclusion as a specific subject on the agenda of the forthcoming conference that does not preclude representations being made through the ordinary channels if the facts warrant it.

THE CANADIAN ECONOMY

TABLING OF REPORT "PRIVATE AND PUBLIC INVESTMENT IN CANADA—OUTLOOK 1961"

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, I am tabling today the report "Private and Public Investment in Canada—Outlook 1961", which summarizes the results of a recent survey of capital spending intentions. The survey, conducted annually, is designed to cover the anticipated outlays for new plant and equipment, institutional and government facilities and housing.

Capital expenditure plans for all sectors of the economy, as outlined in this report, involve total outlays in 1961 of $8,336 million. This anticipated expenditure exceeds actual outlays of last year by more than $100 million and represents a continuation of the high and relatively stable level of capital spending realized in recent years.

Within the total program, the principal increases are anticipated in institutional building and government projects. New hospital building in particular will be sharply expanded. There is also the expectation of a somewhat higher level of house building activity. On the other hand, capital outlays by business establishments on the basis of stated intentions will be a little lower than in the preceding year. This reduction reflects mainly a smaller program in the transportation industry, with requirements for both permanent facilities and equipment being

down. Outlays by commodity producing industries in total are approximately unchanged; larger expenditures related to natural gas developments are offset by reductions in certain other industries, notably iron and steel. Commercial construction for stores and office buildings is likely to continue at the high rate of 1960.

I should like to indicate also that it has been possible to include in this report a breakdown of the capital expenditure figures for provinces and major cities. In preceding years this regional material was not available until some time after the release of the national figures. The regional statistics indicate increased capital programs for 1961 in most of the provinces. In those provinces for which somewhat lower outlays are indicated, notably Manitoba and New Brunswick, unusually large expansion programs were completed last year.

The anticipated level of capital spending, if realized, will result in some net increase in demands upon the economy. An increase of 4 per cent in outlays for new construction is indicated. This will involve greater activity in the construction trades and related industries. On the other hand, the 2 per cent reduction in total outlays for machinery and equipment will affect mainly import items. Demands on domestic equipment producers should remain at about the 1960 level.

The results of the survey indicate that planned capital outlays, considered in relation to national output, will remain at a high level and will involve the continuing build-up in the capital stock of the economy.

Hon. L. B. Pearson (Leader of the Opposition): It is, of course, difficult to comment on an important statement of this kind which has just been made to the house and which we have had no opportunity to study, especially since it has been made in considerable statistical detail.

The planned capital expenditures, Mr. Speaker, are an important indication each year of the prospects for the economy for the current and forthcoming year. While there has been no opportunity to study the figures given by the minister, it is quite clear from what the minister has said that the plans for capital expenditures in this country this year are not such as to take care of the increased need for employment which will undoubtedly result from the increase in the labour force of this country.

Mr. Hazen Argue (Assiniboia): It is most difficult at this time to comment on the statement made by the minister without having been given any previous notice of it. I would say that I feel the statement is being made at the right time, since the labour estimates will be under discussion soon and we shall have a chance to relate the figures in this statement to the unemployment situation. As I heard the minister's statement I would say that while a small increase in capital outlay is forecast, it seems conclusive from the statement he has made that there will be no major upturn in the economy, certainly not sufficient to provide employment for those now unemployed.

We welcome the minister's statement at this time in relation to the debate about to take place, and will have further comments to make later.

CIVIL SERVICE ACT

MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE TO CONSIDER BILL C-71

On the order: Government notices of motion:

March 7—The Minister of Finance—The following proposed motion:—

That a special committee be appointed to consider Bill C-71, an act respecting the civil service of Canada, with power to send for persons, papers and records and to report from time to time;

That the committee have power to print such papers and evidence from day to day as may be deemed advisable or necessary;

That the committee consist of fifteen members to be designated by the house;

That the committee be empowered to sit during the sittings of the house; and

That standing order 66 be suspended in relation thereto.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

UNITED NATIONS

ATTENDANCE OF MINISTER—DISCUSSION OF DISARMAMENT

On the orders of the day:

Hon. Paul Martin (Essex East): I should like to direct a question to the Acting Prime Minister. Much as we appreciate the hon. gentleman's presence in this house, Mr. Speaker, I wonder if I could inquire whether it is his intention to participate in this portion of the general assembly of the United Nations. Is he in a position to say what the attitude of the government is regarding the statement made yesterday my Mr. Adlai Stevenson as to the desirability of postponing any disarmament discussion in the general assembly at this time?

Hon. Howard C. Green (Acting Prime Minister): I hope to be going to New York in a few days' time. This week has been taken up largely with various discussions among the delegates and also in attempts to iron out

the agenda for this resumed part of the assembly session. It is too soon yet to state just what plan will be reached. There has been an attempt to bring about the dropping of such controversial items as those relating to Hungary, Tibet, the U-2 incident and so on. Whether or not there will be any success in that endeavour, I cannot say. The general committee is meeting on Monday, and after that meeting we shall be in a better position to know just what the plans will be for this resumed session. I think there is no doubt that disarmament will be discussed during the session, but at what stage is not yet sure.

AGRICULTURE

CANNED PORK—INQUIRY AS TO TESTS OF QUALITY

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Agriculture, notice of which I was able to give him just a few moments ago. Would the minister comment on a press report that federal government surplus canned pork being distributed in the Windsor area is unfit to eat? Has the government provided any check to test the quality of its canned pork still in storage so that its quality is assured before distribution?

Hon. Alvin Hamilton (Minister of Agriculture): I should like to thank the hon. member for his interest in this matter. I am informed that the canned pork in question was part of a lot of 23,370 cases released at Toronto by the stabilization board to the Ontario department of welfare on April 1, 1960. Early in January, 1961 some 3,000 cases were sent to the social service authorities in Windsor. That agency has been distributing the product to needy people.

Reports that the product was faulty have been checked by officials of my department. They were informed by the office of the Windsor medical officer of health that samples were examined by the provincial health laboratory in Windsor and that the laboratory found no evidence of anything being wrong with the product. However, in view of the incidents of yesterday I have asked my department to check more thoroughly into the procedure followed with regard to this type of distribution.

There were also reports that some of the cans were bulging. Examination of several cans indicated that any evidence of bulging was due to overfilling, but I would have the department look into this further.

Hon. Paul Martin (Essex East): Is the Minister of Agriculture not aware that the ever alert member for Essex East inquired about this matter from the stabilization board this morning and was told that the question was one entirely within provincial responsibility? Is the minister not aware also that the member for Essex East asked the department to inquire whether or not the 30 million cans of pork which are now within the controlled storage of the Department of Agriculture, although they are already contracted for, might be made available in part to serve the needs of the city of Windsor?

Mr. Hamilton (Qu'Appelle): Supplies of pork now in storage are, as the hon. member said, committed, not in part but in toto. To follow the hon. member's suggestion would mean that we would have to buy pork back or at least cancel the contract for it and I feel we should let our sales commitments go forward and sell the pork rather than make inroads on these stocks. If we are going to enter upon a distribution policy I think that should be done on a planned basis rather than on an ad hoc basis.

COMBINES

PACIFIC PRESS LIMITED—INQUIRY AS TO STATUS OF INVESTIGATION

On the orders of the day:

Mr. Frank Howard (Skeena): I wish to address a question to the parliamentary secretary to the Minister of Justice and ask him whether any further investigations are being made by the combines investigation branch into the operations of Pacific Press Limited of Vancouver, or whether any court actions have been undertaken or are contemplated as a result of the report of the restrictive trade practices commission concerning the production and supply of newspapers in Vancouver and elsewhere in British Columbia.

Mr. Thomas M. Bell (Parliamentary Secretary to the Minister of Justice): I shall have to take the question as notice and see that a reply is given as soon as possible.

EXTERNAL AFFAIRS

CUBA—PROPOSED LABOUR DELEGATION FROM B.C.

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Acting Prime Minister. In view of the fact that the dynamic and forward looking British Columbia federation of labour has considered proposals for sending a fact finding delegation to Cuba, will the minister inform the house whether the government has any objection whatever to a fact finding group going on such a mission?

Hon. Howard C. Green (Acting Prime Minister): There is no objection of which I am aware.

TRADE

REPORTED U.S. LOBBY FOR TARIFF AGAINST CANADIAN BREAD

On the orders of the day:

Hon. George Hees (Minister of Trade and Commerce): Yesterday the honourable and alert member for Essex West directed a question to me concerning a report that a group of bakers in the United States was seeking to impose a tariff against the importation of Canadian made bread.

Canadian bread enters the United States free of customs duty. Its duty free status is bound under our trade agreement with the United States. Therefore a tariff could not be imposed on Canadian bread without our knowledge. We are aware of the bill in congress seeking a tariff on bread, to which the hon. gentleman referred. We are watching the progress of the bill, and if and when the time comes to make representations the house may accept our assurance that the views of the Canadian government will be made known to the United States government.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I have a supplementary question, Mr. Speaker. Could I ask the minister whether bread is a custom made article or shelf goods?

Mr. Hees: Mr. Speaker, it just depends on the particular baker.

UNEMPLOYMENT INSURANCE

ALLEGED ABUSES BY APPLICANTS FOR BENEFITS

On the orders of the day:

Mr. J. C. MacRae (York-Sunbury): Mr. Speaker, I should like to direct a question to the Minister of Labour, of which I have given him notice. In view of the present widespread abuse of the unemployment insurance fund in this country, whereby many thousands of men and women are drawing unemployment insurance when there is work for them in the industries which they follow, will the minister advise the house what steps the government is taking to correct this situation?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, there has been a general tightening up in the administration of the unemployment insurance fund. Regulations regarding casual employment and contract of service provisions are being strictly enforced. The addition of more than 40 enforcement officers to the staff has made it possible to extend spot checking operations.

As a result of these measures the incidence of fraud has been reduced. I might say that fraud or misrepresentation, when discovered, is speedily dealt with and punishment is meted out in accordance with the terms of the act.

Hon. Paul Martin (Essex East): I have a supplementary question, Mr. Speaker. Since the Minister of Labour is now indicating what the government is going to do about abuses under the Unemployment Insurance Act, can he give the house some indication as to when we may expect the government to bring forward its proposals to replenish the fund?

Mr. Starr: Mr. Speaker, whatever policy is adopted with respect to the fund or the Unemployment Insurance Act will be announced at the appropriate time in the House of Commons.

Mr. Frank Howard (Skeena): A supplementary question, Mr. Speaker. I should like to ask the minister if he does not think it would be more beneficial to the unemployed if he were to direct his efforts toward providing employment?

Mr. Speaker: Order. The hon. member's question is, of course, just an attempt to make an argumentative assertion, which is quite out of order.

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REQUEST FOR REVISION OF ACT THIS SESSION

On the orders of the day:

Miss Judy V. LaMarsh (Niagara Falls): Mr. Speaker, I should like to direct a question to the Acting Secretary of State in the absence of the Secretary of State, arising out of a report appearing in yesterday morning's *Globe and Mail* in regard to a letter from the Secretary of State to Mr. D. W. Thomson, president of the Canadian authors association, which stated that it might be possible to introduce a new copyright act in the next session. My question is, in view of the urgency of this matter—and admittedly there was a legitimate case made by the Canadian authors association in a brief presented last week—will the minister give serious consideration to introducing a bill to revise the Copyright Act at this session of parliament?

Hon. Ellen L. Fairclough (Acting Secretary of State): Mr. Speaker, this matter of course has been under consideration for some time and arises out of the work of a royal commission which examined the whole situation over an extended period of several years. Although this does not come within my own department I do know that the Department of the Secretary of State is vitally concerned, and every consideration is being given to expediting the introduction of a bill.

Inquiries of the Ministry

NATIONAL DEFENCE

D.E.W. LINE—FORWARDING OF SUPPLIES THROUGH WINNIPEG AND CHURCHILL

On the orders of the day:

Hon. Lionel Chevrier (Laurier:) Mr. Speaker, I would like to direct a question to the Minister of National Defence. I would ask him if he has taken cognizance of a statement appearing in the Winnipeg *Free Press* of March 6 to the effect that the United States air force will abandon its plan to supply the distant early warning line through Winnipeg and Fort Churchill if award of a contract is delayed much longer.

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, I think the hon. member will realize that I have no jurisdiction over the air transport board, and that this is not a matter which comes within the confines of my department at all.

Mr. Chevrier: I realize that, Mr. Speaker, but I was going to ask a supplementary question of the Minister of Transport. I asked the Minister of National Defence to comment as to whether this statement appearing in the Winnipeg *Free Press* is correct, and that the United States is likely to abandon its plan to supply the distant early warning line through Winnipeg and Fort Churchill.

Mr. Harkness: All I can say, Mr. Speaker, is I have no knowledge in connection with this report.

Mr. Chevrier: May I ask a supplementary question of the Minister of Transport. The chairman of the air transport board, Mr. Davoud, has stated that before he can make any commitment he must wait for his minister to arrive back in Ottawa. The statement simply said that the word from the east was that the United States air force is becoming increasingly impatient for the federal air transport board to nominate an air line to do the job. I wonder if the minister would care to make a comment in regard to this statement.

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I have not read the article in question, but I can assure the house that the air transport board has been in contact with the Federal Electric Corporation and the United States air force in regard to this matter. Discussions have been taking place for some time. I think I will be in a position later today or perhaps tomorrow morning to announce the new contract. I can assure this house that there is absolutely no risk or danger, that this contract would not be carried on.

[Mrs. Fairclough.]

FINANCE

REQUEST FOR REPORT ON SMALL BUSINESS LOANS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I would like to ask the Minister of Finance whether he can give us any information regarding the first month's operations respecting small business loans because of the usefulness this information will be in the debate we are to undertake in relation to unemployment.

Hon. Donald M. Fleming (Minister of Finance): There is no report available as yet on this matter, Mr. Speaker.

LABOUR CONDITIONS

AVAILABILITY OF EMPLOYMENT RECORDS OF UNEMPLOYED PERSONS

On the orders of the day:

Mr. W. H. McMillan (Welland): I would like to direct a question to the Minister of Labour, Mr. Speaker. Is it possible for the Minister of Labour to procure information regarding the employment record of a person registered with the national employment service if he is requested to do so by a member of parliament?

Hon. Michael Starr (Minister of Labour): I think it is evident that the hon. member for Welland refers to the reference I made yesterday in respect to Mr. Exelby. If that is so, Mr. Speaker, then I feel that if Mr. Exelby undertook of his own volition to disclose his personal affairs in great detail on a national television broadcast and in so doing created a completely false impression, it is quite proper for me to present certain facts of the same nature.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I would like to ask the minister whether he has ever read section 98 of the Unemployment Insurance Act, and if he is aware that he broke the law yesterday.

Mr. Speaker: Order. I would suggest that if there are further questions regarding the administration of the Department of Labour they should be asked on the estimates, which are to be called as soon as the last question is asked on orders of the day.

Mr. Pickersgill: On a question of privilege, sir. Since I cannot put a question, I draw Your Honour's attention to the fact that a question of privilege—

Some hon. Members: Oh, oh.

Mr. Speaker: Order. If the hon. member would state the question of privilege which arises perhaps I will hear what he has to say about it.

Mr. Pickersgill: I am submitting, sir, on a question of privilege that a minister of the crown in an answer given in this house yesterday was in breach of a law made by this parliament. That is my question of privilege, and to substantiate it I should like to read a part of section 98 of the Unemployment Insurance Act of 1955. It reads as follows:

98. Information, written or verbal, obtained by the commission from any person pursuant to the provisions of this act or any regulation shall be made available only to the employees of the commission in the course of their employment and such other persons as the commission deems advisable—

Some hon. Members: Oh, oh.

Mr. Pickersgill: I draw Your Honour's attention to the fact that we were told yesterday not what the commission deemed advisable but what the minister caused the Hamilton office to supply, which parliament said should be kept secret in the same way that details regarding income tax are kept secret, and for the minister to gain cheap political advantage—

Some hon. Members: Oh, oh.

Mr. Speaker: The hon. member is correct in rising on a question of privilege but not in making the imputation he made. That is not a question of privilege.

Mr. Chevrier: Mr. Speaker, the member for Bonavista-Twillingate has directed a question to the minister, and I think should be entitled to a reply.

Mr. Speaker: Order. The hon. member for Bonavista-Twillingate has risen on a matter of privilege. The point he makes is that a minister of the crown in the house has not observed the conditions of a statute passed by the house. I think a matter of privilege properly arises under such circumstances, and the Minister of Labour should have the opportunity to discuss it.

Mr. Starr: Mr. Speaker, I think I should also rise on the question of privilege at this time. The act clearly states that the information can be given if it is deemed advisable.

Mr. Pickersgill: The information can be given if deemed advisable by the commission.

Mr. Starr: The information can be given if deemed advisable by the unemployment insurance commission. The unemployment insurance commission in Hamilton is an office which operates under the provisions of this act. An employee of that commission at Hamilton is perfectly within his rights to use his judgment, and when a minister who reports to parliament requests certain information he is certainly doing his duty to supply the minister with it. In any event, Mr. Speaker, when there is any misrepresentation of any kind to the detriment of our economy I feel that as a member of this government it is my duty to reveal the true facts.

Mr. Pickersgill: Mr. Speaker—

Mr. Speaker: Order. As I have indicated to the hon. member who raised the matter, it is my view that in certain circumstances a question of privilege could arise. He has indicated his views and the minister has done likewise. It seems to me that is as far as the matter can be carried, in the absence of a motion.

Mr. Pickersgill: Mr. Speaker—

Mr. Speaker: Order. I see nothing to be gained in pursuing the matter unless the hon. member wishes to make an issue of it by bringing in a motion.

Mr. Pickersgill: Well, sir, in my view, under the rules of the house, the minister misrepresented what I had said.

Mr. Speaker: Order. The hon. member read the statute and the house heard it. The minister commented on it and expressed his views. I think the hon. member can hardly say that a case of misrepresentation arises when he himself has read the section concerned.

SUPPLY

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

DEPARTMENT OF LABOUR

General administration—

178. Departmental administration including a grant of $10,000 to Frontier College and the expenses of the international labour conferences, $1,373,104.

The Chairman: This item will be found on page 37 of the blue book and the details on page 256.

Hon. Michael Starr (Minister of Labour): Mr. Chairman, in these main estimates the total amount requested is $136,497,933. The Department of Labour is asking for the sum of $33,879,953 and the unemployment insurance commission for $102,617,980. Of the $33,879,953 for the Department of Labour, $26,600,000 is required to carry out the purposes of the Technical and Vocational Training Assistance Act. This represents an increase of over $17 million in the amount provided for this program in 1960-61.

Honourable members will recall that when the new bill to expand technical and vocational training in Canada was introduced last November I spoke of the many compelling reasons for increased training in Canada. I should like to bring to the attention of the committee the fact that notwithstanding this

substantial increase in our vocational training program, page 39 of the blue book shows a decrease of slightly over $12 million in the department's estimates from that which was voted in 1960-61. I should also explain that in the 1960-61 estimates column there is an item of $30 million which was voted for the municipal winter works incentive program, and there is no comparable figure in the 1961-62 column.

I wish to assure the committee at this point that this municipal winter works incentive program will be continued during the winter of 1961-62 should the extent of seasonal unemployment warrant it and should the government decide to do so. Moneys required for this purpose will be included in a later supplementary departmental estimate.

The other increases in the operational votes are generally speaking in the salary allotments, and are largely due to the general salary increases which were given to civil servants and authorized by the government last summer.

I should now like to deal generally with the main activities of the Department of Labour. When presenting my departmental estimates it has been my usual practice to speak briefly on the various functions of the department. My remarks will concern the highlights of activities which give rise to the financial requirements over the coming fiscal year.

First, we give every assistance possible to labour and management in developing constructive relationships and in improving the skills of the work force. Second, we assist in bringing into employment and training those who are unemployed. I assure you, Mr. Chairman, that in the campaign against unemployment we are mobilizing and will continue to mobilize all the resources at the disposal of the federal government. The points I wish to make today in assisting hon. members in their consideration of my department's estimates concern the programs of the various branches of my department and the positive contribution they make every day to improving the welfare of Canadians.

Today's manpower problems have established the changing and expanding work of my department. We have expanded and greatly intensified our work in those activities most directly concerned with dealing with unemployment through creating job opportunities and developing the skills of the labour force. For example, the experience of the first two years of our municipal winter works incentive program demonstrated to us that this program could create winter jobs. On the basis of this experience we greatly expanded the scope of the program and its duration, and as a result, Mr. Chairman, almost twice the number of direct jobs have been created through the program this year. We know that methods of construction and programming of work which were available before the start of our "do it now" program, but not used to any great extent, have become a well known and accepted part of Canadian life and this to me, Mr. Chairman, spells success.

We have found that a wide gap exists in the contribution of vocational training to the development of the skills and the requirements of Canadian industry. I have already mentioned the substantial increase in the amounts we are asking to be voted for this program during the coming year. The increase in our expenditures in support of vocational training programs from $9,197,600 a year ago to $26,600,000 for the fiscal year 1961-62 stems largely from the positive action taken by this government to provide facilities and programs to meet the requirements of industry and workers in such training.

I refer to the Technical and Vocational Training Assistance Act which received royal assent last December. Already the effect of this new legislation, with its realistic approach to the problems of training for trades and technical skills at all levels, are being felt. Financial impediments to the development of adequate training facilities have been removed. From the Atlantic provinces to the west coast important expansions are under way or about to begin. For example, at St. John's, Newfoundland, a new college of trade and technical training is being built at a cost initially estimated at more than $4 million. Nova Scotia has forecast the construction of a provincial trade school and a vocational high school. The province of New Brunswick is proceeding with the construction of a provincial technical institute and is planning three additional trade schools. Ontario's plans have not as yet been announced but very much expanded facilities are in prospect. Prince Edward Island is advancing plans for the construction of training facilities at a new centre, and we have received assurances that the province of Quebec will enter into an agreement with the federal government under the new act and will implement plans already made for construction of new facilities and expansions of many which are already in use. Manitoba is planning a combined institute of technology and a trade school at an estimated cost of $5 million. Alberta and British Columbia each have plans well under way for extensive capital projects.

This rapid development in capital expenditure programs represents a response by the provinces to the federal government offer made in this new legislation to assume

75 per cent of the capital costs of new facilities incurred up to March 31, 1963. More and better training facilities are needed and it appears, Mr. Chairman, that we are going to have them.

The cost of federal sharing in these capital developments during the fiscal year 1961-62 is estimated at $14,175,000, exclusive of Quebec. If Quebec completes an agreement this amount will undoubtedly be higher. In some cases facilities to accommodate additional trainees will be ready for use within the new fiscal year. Other projects while taking longer to complete, will provide early relief to our urgent training needs.

Immediate increases in the sharing of provincial expenditures for the operation of technical and vocational schools are promoting an immediate expansion of training enrolments to the limit of facilities currently available. In our estimates for the coming year we have provided $4 million for the training of unemployed workers compared with $1,310,000 for the fiscal year 1960-61. In 1960 the federal government offered to share with the provinces to the extent of 75 per cent of the cost of this training, once a minimum level of training had been reached. The program has gained momentum rapidly. In the fiscal year 1959-60 some 3,600 unemployed persons had been given training to January 31, 1960. By the same date in the fiscal year 1960-61 more than 7,000 had been given training. For the months of February and March marked increases in enrolments are expected as the provincial programs gain momentum. Training classes have been established in 385 centres in a total of 82 different occupations, and as additional facilities become available we expect to have a program extensive enough to cover all unemployed persons who can profit by training.

The program for training indentured apprentices is also continuing to grow. By the end of January in the fiscal year 1959-60 there had been just short of 10,000 new enrolments for apprenticeship. By January 31 this year there had been more than 11,100 new enrolments. The continued expansion of facilities for this training will provide for further increases in the coming year.

The foregoing are the largest items of expenditure for which we have budgeted in our estimates to cover the technical and vocational training program. The program of training of disabled persons, an effective means to restore handicapped workers to active careers of self-support, is continuing to grow, with a vote of $370,000 as the federal share of the program. Other programs for training in primary industries, as foremen and supervisors, for student aid and vocational correspondence courses will continue. An expanded program of assistance to students attending post-high school courses in science and technology below university level has been introduced. The need for technicians and other skilled workers at a level between that of the tradesman and the professional man has become acute in industry. It must be satisfied, Mr. Chairman, if our economy is to keep abreast of world competition.

A new program of assistance to persons training as technical and vocational teachers, supervisors and administrators is being developed. Too frequently our technical and vocational institutions have had extreme difficulty in recruiting competent staffs. Many Canadians wishing to prepare for careers in this field have had to seek their training in the United States or elsewhere. The expected growth in our vocational institutions will create additional and urgent staffing problems.

I had occasion recently to meet with representatives of the provinces at a conference called to discuss proposals for a new federal-provincial agreement to implement the provisions of the new Technical and Vocational Training Assistance Act, and their response to the possibilities opened by the new act was most gratifying to me. The provisions of the agreements to be made under it and the programs authorized were generally acceptable. There appeared to be an air of satisfaction and eagerness on the part of all provincial representatives to get ahead with the training program which the new look in our legislation has made possible.

We are constantly developing our understanding of employment and unemployment and the more effective utilization of our manpower resources through the work of the economics and research branch. One of the principal functions of the branch is the continuing analysis of labour market conditions and the examination of the meaning of trends and events in labour markets for the demand and supply of labour. The value of this information is self-evident. Publication of a good deal of this information has proved of value to parliament, labour and management, provincial governments and the public at large.

Continuing work on the character of our manpower resources and their participation within the Canadian economy has facilitated a deeper understanding of the character of our employment and unemployment problems. For example, the publication this year of studies of seasonal employment and unemployment has made available to us new insights into the nature of this problem. It has strengthened the government's view that

much can be done through the winter works program to provide employment for those who find themselves unemployed during the winter months.

The branch has also participated in joint studies with the provinces of Nova Scotia and New Brunswick for the purpose of examining the problems of seasonal unemployment in those provinces. These studies will reinforce other work going on in the branch concerning the nature of workers who are not able to secure continuing employment.

The field of manpower training is one to which much research has been devoted over the past several years, and this work has helped to shape the character of our new legislation on training. This work has involved a detailed investigation of shifting occupational and industrial needs within the labour force and of the required technical qualifications. Studies have been carried out on the effects of automation on manpower in specific industries and on the evaluation of a wide range of technological changes on manpower requirements. In the field of professional personnel, further work has been undertaken to determine the nature of supply and demand trends, particularly for scientists and engineers. One important aspect, Mr. Chairman, of the employment of workers is covered by the continuing work of the economics and research branch in the labour management field. Similarly, in today's world, the branch is investigating the important problem of the costs of fringe benefits and the significance of labour costs on the whole Canadian economy.

The regular work of the branch in connection with wages, working conditions and collective bargaining has continued, and publications have been issued on a regular basis. In addition to the general work in the field of employment and unemployment, there is provision in the work of the department for continuing programs in a number of important areas. I shall refer here, Mr. Chairman, to only four of these fields. Our women's bureau works closely with the national employment service and other groups in developing an understanding of the problems of women in the labour force and for the promotion of good employment standards for women. Through the special services branch, programs are administered in the farm labour field and in connection with the organized movement of workers between Canada and the United States.

The civilian rehabilitation branch, in cooperation with the Department of National Health and Welfare, the unemployment insurance commission and the vocational training branch, continues to co-ordinate at the federal level all these services that contribute to the vocational rehabilitation of disabled persons. It is assisting the provinces to organize programs or endeavours to bring together in an organized pattern all government and voluntary efforts that seek to remove the disadvantages experienced by so many of our handicapped citizens. The value of this program, Mr. Chairman, has been clearly established and, on the basis of provincial needs, we are asking for increased provincial support in this area of activity.

A division of older workers has been established within the civil rehabilitation branch. Through these efforts and the efforts of the unemployment insurance commission, we see evidence that many more of our employers are realizing the valuable contributions that the experience and maturity of the older worker can make. I have taken a very personal interest in the employment problems of older people in a variety of ways, and I am most encouraged by the response of employers to our efforts in this field.

The special services branch of the department co-ordinates our many significant activities in the field of winter employment. These include the winter employment program and the municipal winter works incentive program. Both these programs have grown out of a conviction on our part, through research in the seasonal unemployment problems of the Canadian economy, that a great deal can be done to develop employment during the winter months. The winter employment program, jointly administered by the Department of Labour and the unemployment insurance commission, has become the focus of national interest. It enlists the support of national and local organizations, of industry, of labour and of every available publicity medium in stimulating winter employment.

An example here, Mr. Chairman, has been set by federal government departments and agencies in carrying out maximum construction, maintenance, repairs and purchasing during the winter months. Public spirited citizens in the towns and cities from coast to coast deserve great credit for the time and effort they put in each fall and winter on behalf of the local "do it now" campaigns. Organizations, such as the Canadian Construction Association, the Canadian Manufacturers' Association and other nationally known organizations are taking an active interest in the stimulation of winter employment and are intensifying their efforts each year. National advertising is contributing hundreds of thousands of dollars worth of public service support on behalf of the winter employment campaign.

We have found, Mr. Chairman, that for every dollar spent by the government more

than $10 is spent by business and other groups on advertising and publicity to increase winter employment. This year's municipal winter works incentive program was enthusiastically promoted by provincial governments and municipalities across the country. Over 5,900 projects submitted by 1,820 municipalities and 44 Indian bands have been accepted. This program may be compared with the 2,600 projects previously undertaken by 861 municipalities during the winter of 1959-60.

Mr. Martin (Essex East): May I ask the minister at this point if he has a table showing how these 900 projects are divided as among the various communities; how many work days and how many hours of work will be given to each individual, each project and so on? If he has, would he table it as he did last year?

Mr. Starr: I would be glad to table this but I have not a copy with me at this moment. I will get it.

At the present time, that is up to March 3, which is the last compilation available to me, total expenditures on projects undertaken during the period of the program, namely October 15, 1960 to April 30, 1961 inclusive, are approximately $185 million. The estimate of the incentive payments to the municipalities through the provinces for the program is now over $31 million. The approved projects under this year's program will provide on-site employment for over 100,000 workers, and at least an equal number of workers will be employed in the production of materials used on winter works projects. It is estimated that the projects that have been accepted so far under the program will provide 4,487,000 man days of work during the winter months. Applications under this program are still coming in from the municipalities at the rate of over 100 per week.

A variety of other activities of the Department of Labour have continued. For example, the department has provided leadership in Canada's work within the international labour organization. During 1960 Canada was represented at seven international labour organization meetings by tripartite delegations. Similar meetings are scheduled for 1961 including, for the first time in five years, an international labour organization American regional conference to which we will be sending a delegation.

The department undertakes a number of diverse activities which, in one measure or another, support the department's work as a whole. In today's world, where pensions have become the rule rather than the exception, we are sometimes inclined to underrate the value of the annuities program which also comes under my department. Individuals, not able through their employment to secure pensions, are assumed of low cost annuity plans. The group contracts by our annuities branch have also provided an effective and secure means of investment for employees in various industries across the country.

The annuities branch sells individual annuities, both deferred and immediate, and group annuities. At the close of the last fiscal year there were in force 116,057 individual deferred annuity contracts and 231,424 certificates for employees in group pension plans. In addition, annuities were being paid under 818,228 matured contracts and certificates at the rate of $43,403,649 a year. The net premium income for the fiscal year 1959-60 was $56,041,417, and the annuities account in the consolidated revenue fund totalled over $1,100 million as at March 31, 1960.

The industrial relations branch of the department is responsible for the administration of the Industrial Relations and Disputes Investigation Act, the Fair Employment Practices Act, the Annual Vacations with Pay Act, the Fair Wages and Hours of Labour Act and the promotion of labour-management committees in industry.

The function of the Department of Labour which has the longest history lies, of course, in the field of industrial relations. The Canada Fair Employment Practices Act continues to be a most effective weapon in the struggle against discrimination in employment. My department believes that not one application for employment form coming within federal jurisdiction contains questions contrary to the provisions of the act, though at the time of the passage of the bill the great majority of employers' application forms contained questions asking the prospective employee his race, religion, national origin or colour.

The labour-management co-operation service has continued to stimulate the development of labour-management committees in Canadian industry. Today there are in excess of 1,600 committees in industry across the country. The complex nature of our industrial relations system in Canada, the importance of many industrial disputes both to the country as a whole and to the thousands of individual workers and employers affected, is obvious. The responsibilities of labour and management to work together in securing the greatest possible benefit for their joint endeavours is great, and rests squarely on the shoulders of labour and management.

Mr. Martin (Essex East): Shifting all responsibility.

The Chairman: I regret to interrupt the minister, but his time has expired. Do I understand that the committee gives unanimous consent to his continuing?

Some hon. Members: Agreed.

Mr. Starr: The hon. member for Essex East made a remark to the effect that I was shifting responsibility. I am sure that when he said that he misunderstood what I was saying. I will repeat what I said. The complex nature of our industrial relations system in Canada, the importance of many industrial disputes both to the country as a whole and to the thousands of individual workers and employers affected, is obvious. The responsibilities of labour and management to work together in securing the greatest possible benefits for their joint endeavours is great, and rests squarely on the shoulders of labour and management.

I am sure that when the hon. member for Essex East has considered that he will not wish to repeat his comment.

Mr. Martin (Essex East): I said that with regard to unemployment. The minister is shifting his responsibility.

Mr. Starr: I said nothing about unemployment.

Mr. Martin (Essex East): I did.

Mr. Starr: As usual, then, the hon. member was out of order. Sometimes the gulf which appears to divide labour and management in this country seems difficult to bridge. It must be bridged. I have asked labour and management groups to meet and address themselves to problems of higher productivity, of technological change, and the whole field of joint interests. In this direction, I say, lies the solution to many of our contentious problems. Since we felt that an effort on our part could bring them together, the Minister of Trade and Commerce and I have asked representatives of industry and labour to meet here in Ottawa on March 15. We are sending out that invitation in the hope that we can create an atmosphere in which both labour and management can resolve the difficulties which they have faced and are facing.

I should like to say something now about the operations of the unemployment insurance commission, which administers the national employment service and unemployment insurance. As hon. members are aware, these operations are receiving a good deal of attention from both the government and the public; rightly so, since they are vital to the well-being of so many of our citizens at this time as well as to the prosperity of our country as a whole. This prosperity will be secured only through long range positive action, and it is in line with this conviction that the employment side of the commission's work has been consistently improved, especially of late. It is of the utmost importance that unemployed persons be placed in jobs with the least delay. It is equally important that such placements should be satisfactory not only to the workers concerned but also to their employers and to other workers.

In carrying out this program, officers of the service made more than a quarter of a million visits to employers last year in order to explain the facilities of the national employment service and to obtain orders for workers. In another direction, the employment service is constantly seeking out applicants with the skills required to meet employers' orders which cannot readily be filled from applications on file. As I advised the committee during the last debate on these estimates, steps were being taken at that time to strengthen the employment service staff, and these endeavours are already bearing fruit. We are thus engaged in an effort to improve the quality of the service and also to improve the use of the service by the public through a public relations program.

I am happy to say that this two-pronged approach, although of comparatively recent origin, has already produced results both tangible and intangible, particularly when measured against current economic factors. Thus, although placements for the calendar year 1960 were 2.8 per cent lower than they were for 1959, the last three months for which placement figures are available—November, December and January—show an increase of 16.7 per cent compared with the corresponding period of 1959-60.

During 1960 the employment service placed 950,300 persons in jobs and it is noteworthy, I think, that of this number of placements 120,134 were workers aged 45 and over. This has been brought about in part as a result of the older workers program in which I am particularly interested, and it emphasizes again the value of public information to which reference was made earlier. During the past year 300 employers employing some 60,000 workers have either raised the age limit specified on their hiring applications or removed it entirely.

Another direction in which progress has been made is the placement service to youth, including career counselling for young people in school or just entering the labour market. I may say that a considerable number of school drop-outs returned to school as a result of national employment service counselling.

Among the special services given by the commission are those for the physically handicapped and veterans, placement service

to young Indians as part of their integration into urban life, to immigrant workers, and so forth. A sharp intensification of interest in vocational training has brought about many more directions of unemployed workers to courses of training by national employment service officers than ever before.

Taken separately, these things are of more immediate concern to some groups of citizens than to others. In their total effect, however, they are of fundamental importance for the Caandian economy as a whole. The commission believes, and I share this relief, that better placements will not only lead to better production but will also lead to the employment of more workers.

Hon. members will be interested to note that the commission's efforts to safeguard the fund against improper claims have been stepped up through a strengthening of the investigation division and an educational program. It is of course unavoidable that unlawful practices in the use of unemployment insurance stamps and in claims for benefit will crop up either as single incidents or as a rash of incidents. It is therefore necessary that the insurance provisions of the act, such as those relating to insurability, contract of service, availability for work and so on, be enforced and explained with both perseverance and understanding. As a result of the efforts on the part of the enlarged investigation division, the number of detected punishable infractions of the act rose from 17,279 in 1959 to 29,619 in 1960.

The commission's audit division, whose task is checking to ensure that employers comply with the act, completed 189,068 audits during 1960 and made 38,417 investigations, both figures being slightly higher than those for 1959. The number of registered employers in Canada subject to audit rose to 382,879, an increase of over 9,000 compared with the previous year.

The total amount required for the unemployment insurance commission is $102,617,980. This of course includes the government's contribution to the unemployment insurance fund of $57 million. The net increase in the commission's administrative costs is some $5,155,000. This increase is due primarily to salary increases and to an increase in personnel, notably in the investigation division.

Before concluding, Mr. Chairman, I wish to say something further about unemployment. This is, of course, one of the serious problems with which we have to deal at the present time. Hon. members are familiar with the fact that in a matter of months—as a matter of fact since November 17, 1960—this government has brought forward a wide range of positive and constructive measures to deal with the social blight of unemployment and to give an upward push to our economy. I have every confidence that the actions we have taken will produce the desired results and will have the desired effect. Unemployment is not something which can cure itself. It can only be cured and its consequences arrested by a massive attack across the whole field of the general economy—

Mr. Martin (Essex East): Hear, hear.

Mr. Starr: —and this is what we are doing.

Mr. Martin (Essex East): No, sir.

Mr. Starr: Results are becoming apparent in housing, municipal construction through sewage disposal aid, building of new trade and technical schools, strong impetus in export trade resulting from the new credit provisions and a restored confidence in the industrial and manufacturing sector of the economy.

The measures which have been brought forward relate to the work of every department of this government. They take in the fiscal and financial sphere of government responsibility. This is not, of course, the place for me to review in detail what has been done. I therefore confine my remarks to the work and responsibility of my own department, the Department of Labour. Meanwhile the concerted and sustained movement to bolster the economy will be kept up. On a number of occasions in this house and elsewhere there has been mention of what has been done in the United States. What has been done in the United States is good and will undoubtedly reflect favourably on our situation in Canada. But let me point out that we took action and have continued to take action, and that our action was both prior to and more comprehensive than action so far taken in the United States.

Mr. Martin (Essex East): That, of course, is not so.

Mr. Chevrier: That is not so.

Mr. Martin (Essex East): That is not the case.

Mr. Chevrier: That is just balderdash, and the applause is not going to strengthen the statement.

Mr. Starr: Mr. Chairman, now that the official opposition have run out of ideas as to what may be put forward, they want to copy whatever is being done in the United States, as they have always done in the past.

Mr. Martin (Essex East): We want action.

Mr. Starr: As I have said, it would not be proper for me to dwell at this time on what has been accomplished under the jurisdiction of other ministers.

Mr. Chevrier: That is not much.

Mr. Jones: A great deal has been done.

Mr. Starr: I have dealt with the work of my department, and I trust that the picture I have attempted to present will commend itself to all hon. members of this committee.

Mr. Pearson: Mr. Chairman, in opening my remarks on the work of the minister's department and the problems that face that department I should like to begin by paying a tribute to the efficient and selfless work of the members of the Department of Labour from the deputy minister down.

Perhaps I could say a special word about the deputy minister who retired this year, Mr. Arthur Brown. I confess that I am prejudiced very much in his favour. He and I entered university together at a very young age; we went to war together; we came back about the same time; we came to Ottawa about the same time, and I know something about the work he has done to serve his country over the years, and is still doing in another capacity after retirement from the public service of Canada. In wishing him well I should like to associate the members of this party with the good wishes that I am also extending to his successor, Mr. George Haythorne.

As I have a great deal to say that will be critical of the policy of the minister, perhaps I should say at the beginning that I, as do all hon. members on this side, respect his sincerity and his willingness to help us when we ask him questions. We also appreciate the important and complex problems with which he is faced as Minister of Labour.

Mr. Chairman, the discussion on item 1 of the estimates of the Department of Labour provides an opportunity to review the work of the department as well as to initiate a discussion of the problems that face it. The minister has given us the first, a review of the activities of his department, for which we are grateful, but he has dealt in an almost ludicrously inadequate way with the problems which face the department, and above all, with the problem of unemployment in this country to which he devoted two or three minutes at the end of his fairly long statement.

The minister explained in doing so that this was not a matter with which he felt it necessary to deal on item 1 of his estimates. The inadequacy of the minister's statement in this regard, especially in respect of unemployment, is discouraging and disheartening. You would have thought, that he was making a routine report regarding the activities of the Department of Labour during a normal year of full employment in this country instead of during a year when, in January, 11 per cent of the working force was unemployed.

In the face of that situation the minister did say that unemployment was one of the serious problems with which we have to deal. He also said that the government had mobilized all the resources of the federal government to deal with this problem. The result of that mobilization is reflected by the figure for unemployment that we received in January and will be reflected by the figure for February which we will be receiving within a few days.

The minister has given no indication this afternoon of the seriousness of this problem. He has not attempted to analyse the problem of unemployment. He has not put forward any new ways or means to deal with it. He has given us no policy statement at all regarding this matter. I urge the minister to rectify this omission before this item passes.

So far as I am concerned this afternoon, Mr. Chairman, my intervention at this point of our discussion is to address certain questions to the Minister of Labour in an attempt to bring out certain problems, as we on this side see them, with which we feel the government should be dealing. I intend to present our own analysis of the situation based on information we have received regarding unemployment and to ask the minister whether this analysis is sound and whether the information we bring forward to support this analysis is accurate. If the minister tells us that we are wrong in this regard we will ask him where we are wrong. I will mention some of these questions now which I intend to ask and which I hope the minister will deal with later.

The first question has regard to the rapid depletion of the unemployment insurance fund, in the face of mounting unemployment. I will ask the minister whether he agrees that the investment policy of the unemployment insurance committee by which the fund, through conversion of its victory bonds, has already been depleted by $30 million, and perhaps will be depleted to the extent of $70 million. I will ask the minister how he is going to explain this depletion to the other contributors to the fund, industry and labour.

My next question arose earlier in today's sitting and has regard to the government's intention to bring forth legislation to replenish the fund. This intention was announced by the government last November. I will ask the minister why nothing has been done in

this regard since that time. I ask the minister when it is intended that action be taken in the face of this alarming situation. The government must have been aware for more than a year that legislation of this kind was necessary. So I ask the minister to give us a reason for the delay in taking action because the committee will soon have to unload more of its bonds and thereby incur further losses.

The next question I wanted to ask—and the minister has mentioned it in his statement—concerns the alleged irregularities connected with unemployment benefits and the alleged inadequacy of the national employment service. A great deal in this regard has been read into a memorandum submitted to the Senate committee on manpower and unemployment by Dr. James. In the discussion of this matter before this committee of the other place one of the senators—a long time supporter of the Conservative party—made certain statements. I will quote from the Senate committee reports of February 2 at page 461. This senator is reported as follows:

> May I suggest to you that if we were to speak about abolishing unemployment insurance entirely the unemployed would disappear by half as a good many of them have no wish to continue working steadily as long as this unemployment insurance is available for working part time.

That is an astonishing statement to appear on the records of a committee of the parliament of Canada. Even this afternoon, Mr. Chairman, we heard supporters of the government refer to widespread abuse of the unemployment insurance fund. The inference that is being drawn, and the impression that is being created throughout this country, is that hundreds of thousands of workers are cheating in regard to unemployment insurance benefits. This is a very serious impression to create and I am sure it has no foundation in fact. I ask the minister to say something about these reflections on the efficiency of the national employment commission and the honesty of the workers of Canada. If there is something seriously wrong, can the minister inform us what is going to be done to correct it, and to strengthen and add to the efficiency of the national employment service?

The third question to which I wish to refer deals with vocational training programs. The minister did have a good deal to say about this subject. He finally recognized last December that this program and its administrative operations needed to be improved. We on this side have been pressing for that improvement since 1958. We would like to know a little more about the program. The minister gave us some information this afternoon, but we would like to know if the minister is satisfied with the present administrative setup of the department in connection with the operation of this enlarged program. We on this side feel that a small branch in the department and an advisory council, however efficient, are not adequate to deal with this vitally important matter of vocational training.

There is another question on which the minister merely touched in his statement, namely the Industrial Relations and Disputes Investigation Act. As far back as 1958 the minister admitted that this act required amendment and change. On August 15, 1958, as reported at page 3593 of *Hansard* he had this to say:

> Coming to the Industrial Relations and Disputes Investigation Act, may I say that I have given notice of my readiness to consider amendments to this act and that a number of suggestions have been received and are being considered at the moment.
>
> I am still waiting for three major national organizations which have been requested to submit their recommendations, but to date I have not received them. However, on checking into the matter I find that they are in the process of completing their recommendations, and that they should be within my hands within the next few weeks.

That was August 15, 1958, but nothing has been done to carry out the intention of the minister. Since that time we have had merely postponement and delay. I ask the minister whether he still thinks this act should be improved and, if so, how does he explain the long delay in bringing forward amendments to it? Is he still waiting for the representations he expected in 1958, or has he merely shelved the whole matter? If he has not, when does he intend to introduce the amendments which he considered so desirable in 1958?

I now come to the most important of all domestic problems facing us at the present time, and one which is of particular interest and concern to the Minister of Labour who has a special responsibility for dealing with it. I refer, of course, to the question of unemployment. So far in this house, Mr. Chairman, we have been unable to get in this session or, indeed, in the previous session anything but superficial treatment by spokesmen of the government of the nature of the unemployment crisis that faces us; and of what can in fact be done about it. We on this side will keep pounding away at the seriousness of the problem even though this is subject to the cheap and tawdry response that we are prophets of doom and gloom, a reaction which we can characterize only as one of desperation on the part of the government spokesmen, a reaction on the part of hon. members in this house who in previous years on this side and in situations that

were not nearly as dangerous as they are today, in terms of unemployment did not hesitate to use much stronger language in attacking the government of that day.

At this point may I quote from an editorial in the Montreal *Gazette* of February 28, a paper not notoriously friendly to the Liberal party, which reads:

> Just to hope that all will be well, and to refuse to mention that anything has gone wrong, may help a little, by creating an atmosphere of optimism. But it will never correct the underlying causes of what has gone wrong.
>
> It is not being neurotic to recognize that times have changed. No one is neurotic if he faces reality and seeks a constructive adjustment to it.

This is something which has not yet happened. A well known United States commentator, Mr. Walter Lippmann, put the same point in his column on March 4, which appeared in the Ottawa *Journal*, when he was dealing with the fact that people who try to uncover these difficulties and underline the seriousness of the situation are open to this kind of cheap criticism which I have mentioned, and he went on to say:

> They—

That is, the criticisms.

> —will be unwelcome to many. They will be unwelcome to those who take the view that with words of confidence and optimism a recession like this one can be talked away—

He is not afraid to use the word "recession". I continue:

> —and that the sombre truths should be glossed over and suppressed. There is everything to be said for keeping up the confidence of a sick patient. But an essential ingredient of that confidence is that the doctor is not deceiving himself. If, as seems so probable, we face a long hard effort to revive the American economy, the confidence of the people will best be sustained by convincing them that the economic doctors are not treating nice words as a substitute for real action.

Nice words, whether in Ottawa or in London, by Canadian leaders, are no substitute, and have never been a substitute, for real action. What Mr. Lippmann said in this regard about the United States has even greater application to Canada because relatively our situation is worse than that of the United States. Indeed, Mr. Coyne, the governor of the Bank of Canada, speaking in New York either yesterday or the day before—and it was a very interesting speech indeed—had this to say to his United States audience:

> Trends in the growth of national product, employment and unemployment, are rather less satisfactory in Canada than in the United States. Even disregarding the population factor, for the last four or five years gross national product has improved less in Canada than in the United States.

What, then, is the situation which I have described as serious for this country? In his statement today the Minister of Labour gave us no new reason for confidence that he is aware of what is happening to our economy, or that there has been any great departure from the position taken by the government in previous debates in this house on this subject that all we have to do is to be optimistic and all will be well; just wait. It is up to business and to labour, or even up to Mr. Kennedy. Our criticism of the government's ignorance of the underlying seriousness of this problem is, as I have said, not modified by anything that the minister has said or has not said this afternoon.

The minister did mention as an important contribution to the knowledge and understanding of the problem the proceedings of the committee of the other place on manpower and employment. Indeed, that committee is doing a most valuable work. It will be recalled that at the very beginning of the last session and the session before that we pleaded with the government to set up that kind of committee in the House of Commons so that the members of this house could participate in that kind of investigation and analysis and call before them the experts to explain the situation as they saw it.

The committee will recall that every time we tried to get this kind of investigation established in the House of Commons we were turned down. Even when we tried to persuade the government to associate the House of Commons with the investigation which had been set up through the Liberal majority in another place, we were unable to persuade the government to let us participate in what has turned out to be a most constructive and important work. It is largely on the basis of the reports before that committee that I have drawn my own conclusions of the seriousness of the trends in the economy in this country. When I talk about them, when I use the word "seriousness", I do not want anyone to think that this country will not eventually face up to and overcome those problems and once again remove that seriousness through expansion and growth. We have met very difficult and dangerous economic and employment problems before in this country and have overcome them, and we will overcome this one. But we will not do that in the way it should be done and in the time it should be done without strong, effective leadership and sound and strong policies.

Let us look at the situation, which was not explained to us by the minister at least on this occasion. We hope he may do so later. The figure I am about to give are all bureau of statistics figures which were used in reports made to the committee on employment in the other place. In the period from 1950 to 1960 there was a net increase in the labour force in this country of 1,230,000. That was accounted for to a very considerable extent by

additional female labour, particularly married women, coming into the labour force, also by men under 20 and, of course, by new immigrants to Canada.

While the labour force increased by that amount during that ten-year period, the farm labour force decreased by 340,000 which threw a greater burden on industry to supply jobs to take care of this labour force increase. Yet during that period the number of persons with jobs in this country increased by only 992,000. There is the explanation for unemployment.

If we extend the trend of the last ten years forward over the next five years, as was done in the report to the committee of the other place by Mr. Denton, an economist, and if we take a low figure for increase through immigration during the next five years—he took a figure of 100,000 per year—with the present average unemployment to be absorbed during that five years we will need 1,020,000 non-agricultural jobs to take care of our growing labour force and our present unemployment.

Are we getting these jobs? Government spokesmen say, "Oh, yes, we are getting them because employment is higher now than it has ever been in our history". They quote figures every time they speak on this subject to show that the number of people employed in the country is higher than ever before and that, of course, is quite true. However, the significant factor is not the number of employed but whether the employed are increasing at a rate sufficient to take care of the increasing labour force. If that is not happening then we get more unemployed. This increase is not taking place.

In January, 1961, it is true there were 47,000 more jobs than a year earlier. That is an increase of less than 1 per cent while during the same period unemployment increased by more than 26 per cent. As we are not getting the jobs to take care of the increase in the labour force the result, inevitably and obviously, is an increase in the percentage of unemployment. Until the economy expands so that this increase in the labour force can be taken care of the unemployment problem will be with us in the serious way in which it is today. Perhaps the figures will decrease. We hope they will, and they ought to go down in the summer. However, as I have tried to show by averaging these figures over the years, we are going to be living with this problem for some time unless there is a decided expansion in our economy.

We have had four periods of what I might perhaps call abnormal unemployment and recession since 1947, the period of 1949-50, the period of 1954-55—I am taking two during the time when my hon. friend and his party had no responsibility for government—the period of 1957-58 and the present period from the summer of 1960 to where we are in 1961. In an analysis of these four periods of what one might call recession in the economy since the war the most striking feature is that in each successive slow-down, and we have had four, the rate of unemployment has risen higher than in the previous period and in each period of recovery we have had the rate of unemployment has fallen less.

There are three peak unemployment years, 1950, 1954 and 1958, and I think the statistics for those years will support what I have just said. In 1950 the average rate of unemployment was 3.6, in 1954 it was 4.6, in 1958 it was 7.1 and in 1960 it was just about 7 per cent. In the recovery year of 1951 unemployment fell to 2.4. In the recovery year of 1956 it fell to 3.4. In the recovery year of 1959 it feel only to 6 per cent. In January, 1961, a recession year again, the rate had reached about 11 per cent.

This indicates, I think, the validity, and importance, of an article which I read just a few hours ago during the lunch hour in the current issue of *Life* magazine by Dr. Heller, president Kennedy's chief economic advisor and chairman of the council of economic advisors in Washington. He is a very well known economist indeed. What he had to say on this particular point, is just as applicable, if not more so, to Canada than it is to the United States.

> The economy has not been taking up the slack after its periodic slumps and, going deeper, there is a disturbing slow-down in our rate of economic growth. The intervals between our recessions have been steadily shrinking. The up-turns have not regained the ground lost by the recession. The unemployment figures make this painfully clear.

They also make it painfully clear for Canada as well as for the United States; so clear that at the present time we have the highest percentage of unemployment in this country for 20 years and, I am informed, the highest in any industrialized free country in the western world. That, Mr. Chairman, is something to worry about.

This problem would be serious enough if it were evenly national in its impact but it is made more serious by its regional incidence, something which has been characteristic of our country ever since our country was born. The rates of unemployment are much higher in some parts of our country than they are in others. That gives us a regional problem to deal with as well as a national problem. The average in 1960 in the Atlantic provinces was 9.4 per cent and the average in Quebec was 8.5 per cent while the figures were much lower in the prairies and in Ontario.

All this shows, Mr. Chairman, that we have with us a persistent, deep-rooted problem which has, of course, no single cause and which will be susceptible to no single treatment. It is deep-rooted, it is chronic, it is regional and it is seasonal. The nature of the unemployment also adds to its complexity. A study that has been made—I confess this was a surprise to me—shows that the greatest extent of unemployment is now among young people under 20 years of age and the least extent is among women where the over-all rate of unemployment is less than half the male rate. Figures from the bureau of statistics show that whereas the average rate in 1960 was 7.3 for all ages, for women it was 3.3 and for men under 20 it was 15.6. As the minister mentioned this afternoon in his statement when dealing with vocational training, these figures emphasize the importance of vocational training and the strong relationship of education to unemployment.

A dominion bureau of statistics survey, taking the week of February 20, 1960, shows that of the people out of work 19 per cent had not completed their primary school education but only 3 per cent had completed their secondary school education. The gap, therefore, is from 19 per cent to 3 per cent.

In reporting to the employment committee of the other place, Mr. Denton summarized the situation as follows. I think this is a very good paragraph:

> In summary, then, the rates of unemployment have shown a tendency to increase with each successive recession since the war. In particular, the rates have been substantially higher for men than for women, and have consistently been highest among young people, the unskilled, and the less educated. The service producing industries have continued throughout the post-war period to provide rapidly expanding opportunities for employment, but in recent years the opportunities available in the goods producing industries have actually contracted. These changes reflect some of the basic forces which are operating in our economy.

This quotation reminds us of another very significant factor, the nature of not only unemployment but of employment in our economy today. This nature has changed considerably over the years, as the figures show. In 1950, the goods producing industries of this country were responsible for 58 per cent of the employment, whereas in 1959 they were responsible for only 48 per cent of the employment. In that category of the goods producing industries, agriculture was responsible for 20.4 per cent of the employment in 1950 and only 11.8 per cent in 1959. Manufacturing industries were responsible for 26.6 per cent of the employment in 1950 but by 1959 the figure had gone down to 25 per cent, not quite holding their own.

[Mr. Pearson.]

We know that nothing took up this slack completely, but what helped to take up some of the slack? The service industries provided 42 per cent of the employment in 1950 and 51.7 per cent of the employment in 1959. This explains among other things the increase in the number of jobs for women and the decrease in the number of jobs for men. Those manufacturing industries which are declining most in terms of employment such as gold mining, coal mining, motor parts manufacturers, farm implements, textiles and leather manufactures, are those which traditionally have employed men for the most part. All this helps to explain the nature and the seriousness of the problem that faces us. The basic reason for it, as I have already said, is a decline in the expansion of our economy. It has now reached a position of stagnation.

This afternoon, the Minister of Trade and Commerce produced a statement on private and public investment in Canada, the outlook for 1961. He gave the most optimistic interpretation possible to that statement. Since he had not sent me a copy of it in advance, it was only after I secured a copy of the press release that I had an opportunity to study it. I have had some chance to look at it while I have been in the chamber. It does not give any ground for encouragement that the situation which I have mentioned is going to be substantially corrected in the year ahead.

In so far as this particular report is concerned the minister said that, for 1961, it represents a continuation of the high and relatively stable level of capital spending realized in recent years. Well, I have just one or two comments to make on that. The proposed increase, if it is realized, will be only 1.6 per cent over 1960, and that is much too low to provide the job opportunities required by even the normal increase in our labour force let alone the high number of unemployed we have at the present time.

According to the minister's statement this afternoon, the proposed expenditures in 1961 amount to $8,330 million. This amount will actually be lower than the amount spent in 1957, 1958 or 1959 and, if expressed in constant dollars, the proposed expenditures will probably be lower than in 1960. Therefore, the declining trend which has been persistent since 1957 will unfortunately, in the light of this report, likely be continued. The report also shows that investment in business capital will be lower in 1961 than in 1960, but will be compensated by higher expenditures in the field of social capital. This does indicate the continued underlying weakness of the private sector of our economy. I hope that the forecast which we got this afternoon will not prove to be as wrong as the one that was made last year by the Minister of Trade and

Commerce. Last year the proposed expenditures were estimated by the minister at $8.77 billion, but we now see from the statement that the realized expenditures were only $8.2 billion. Instead of the forecast increase of about 4 per cent in 1960 as compared with 1959, we had a decline in 1960 of about 2 per cent as compared with 1959.

Mr. Benidickson: Would the hon. member permit a question? I believe the minister forecast an increase of 8 per cent in the private sector. Has that been realized in 1960?

Mr. Pearson: No, it was not. The minister was as inaccurate in his total calculations as he was in his break-down.

An hon. Member: What does all this show?

Mr. Pearson: All this goes to show that unless we get the kind of expansion in the economy about which I have been talking, then the economy is not likely to pick up in the way it should pick up to take care of this unemployment. The report which we got from the Minister of Trade and Commerce this afternoon does not give us very much ground for hope in that regard. Indeed, the reports for the last three quarters of 1960 indicated a decline in most of the significant indices of economic activity, including general industrial production even though the minister, early in 1960, claimed the recession was over.

The fact is, Mr. Chairman, that the annual increase in our gross national product in real terms from 1950 to 1956, inclusive, on an average, was 5.6 per cent but from 1957 to 1959 the increase was 1.3 per cent. Unemployment, as a percentage of the labour force during the same period rose from 3.4 per cent on an average to 6.2 per cent. This tells the story of what has been happening to our economy in the last three or four years. It reflects a slowing down of that economy, a pause or recession, call it what you like. The governor of the Bank of Canada and the President of the United States are willing to use this word "recession", but this government will not use it. I ask the government and the minister, in the light of what I have just said and the evidence I have brought forward, if they feel that this recession is likely to continue further in 1961 or is it likely to recede? If it is likely to continue and our unemployment problem is likely to be with us, what are they doing about it in any effective way?

What is the outcome in respect of economic growth and resulting employment? Will the minister tell us that before this discussion is over? So far the minister has left us completely in the dark. Yet we know he receives two reports each year from a branch of his department—the economics and research branch—the work of which he rightly praised this afternoon as being important and efficiently done. Now that we no longer have the report from the Department of Trade and Commerce—it is not only hidden but buried—perhaps the Minister of Labour could give us some information concerning what the experts of his department are telling him about the situation, the conclusions which he draws from that information and the plans he has as a result of those conclusions, if any. Perhaps he would also tell us how the plans to which he referred this afternoon are working out.

All we learned from the minister this afternoon is that President Kennedy is copying them; the plans which were put forward by this government in the autumn of 1960, three years after this unemployment problem hit this country. President Kennedy, not more than two or three weeks after his administration came to office, is carrying out plans which it took this government three years to put into operation here. On the face of it, that comparison does not make any sense. But even if the comparison were accurate, President Kennedy put his plans into effect two or three weeks after his election though it took hon. gentlemen opposite more than three years to do so. They took so long, it is obvious, because for three years they refused to admit there was any problem. When they took an attitude of that kind how could one expect them to adopt effective steps to deal with the situation?

All one has to do to realize the absurdity of the comparison which the minister has made with action taken by President Kennedy is to examine the proposals put forward by the president, and particularly the statement he made a couple of weeks ago to the national industrial conference in Washington; to examine the programs he is submitting to the United States congress, and compare them with the so-called emergency program which this government put forward last November and December.

Take, for example, the question of areas where there is chronic unemployment, depressed areas or whatever you may wish to call them; Mr. Kennedy is not afraid to call them depressed areas. Compare what he has done down there in three weeks, the action he has taken and the results which are already beginning to flow, with the statement we got from the minister the other day on the regulations which have been hanging fire for all these months to deal with areas of chronic unemployment here; regulations which have been well described by a paper which is traditionally a strong supporter of the government, the *Globe and Mail*. This is

what that newspaper had to say about them on March 6th. I read from an editorial:

> They constitute a poorly thought out and thoroughly inadequate approach to a serious problem. The old saying about a mountain labouring and bringing forth a mouse applies.

I do not think President Kennedy copied this particular kind of approach.

Now let me ask the minister if he will tell with regard to one effective and exciting program, as he referred to it this afternoon. He said something about winter works. Well, we expect to learn a lot more about the winter works program than we learned from his opening statement. The minister indicated that it had given employment to 200,000 people. Let the minister break down that figure and show us the nature of the employment provided to these 200,000 people. How many man hours does it cover? How many municipalities are concerned? What about the municipalities which have so much unemployment and are so poor in consequence that they cannot afford to take advantage of the government's program? What about the suggestion we have been making over the years that some special consideration should be given to those municipalities which need help most?

Will the minister tell us how many sewer projects have been started; how many students residences are now being built by the universities; how many loans have been made to small builders? These are all matters which have been put forward by the government as part of its answer to the question of unemployment. It is in our view an inadequate answer but if the minister is convinced that it is a good and effective answer, then perhaps he will give us more information instead of the present approach which is ineffective, hesitant, belated, piecemeal. This country in the face of 11 per cent or more unemployment needs something bold and imaginative, something worthy of the seriousness of the problem.

I tell the minister that this problem will never be solved in the way it should be solved and within the time during which it should be solved by the kind of approach which this government has been making. I refer the minister to the order in council which was tabled yesterday by the Minister of Trade and Commerce dealing with income tax regulations and the question of depreciation. That was dated March 3. When my hon. friend from Kenora-Rainy River on March 2, the day before this order in council was passed, did his very best to obtain from the Minister of Finance some indication of what was being done in this field he could get no information at all from the minister. Yet the day after the Minister of Finance had refused to divulge that information, the order in council was passed giving all the details and it was tabled in this house yesterday. I do not know why we should have so much difficulty in getting information from the government about what it is doing in this important field unless the government has no information to give because it is not doing enough.

In Washington, where the new administration is tackling this problem with energy and vigour, they are worried whether they are doing enough. Professor Samuelson, a chief economic adviser to the President of the United States, said recently that an average rate of growth of 3½ per cent to 4 per cent—and that is a modest rate of growth to take care of the increased labour force in this country—would have to wait until the second and third years of President Kennedy's term of office. This is another indication of how seriously they regard the situation south of the border.

Another United States economist, Dr. Heller, who is chairman of the council of economic advisers said to congress as reported in the New York *Times* of March 6 that:

> Even if some success were encountered in improving the economic situation in the second and third quarters of 1961—

And we all hope that this success will be realized in terms of growth of the economy, and that the optimistic forecasts which are being made by some analysts will turn out to be right. I continue:

> —much more serious in the long run is the "chronic slack" in employment production and the potential rate of growth—the growing gap between what we can produce and what we do produce.
>
> Whenever it occurs the reversal of the recession is only the beginning, not the end, of the task of restoring momentum to the American economy.
>
> If the ratio of unemployment to the total working force increases from the present 6.6 per cent to 7 per cent by the end of the year our fiscal policies would have to be viewed with great concern.

Here is the chief economic adviser to the United States government saying that if the unemployment ratio of the working force in his country goes up to 7 per cent, their whole fiscal policy will have to be viewed with great concern. He went on to explain what he meant by that, indicating that some pretty important and even drastic actions might have to be taken. The figure he mentioned is 7 per cent. The ratio of unemployment in this country today is 11 per cent, or it was almost 11 per cent in January.

Even making allowances for perhaps the exceptional seasonal character of employment in this country at that time, which they may not have in parts of the United States, our ratio of unemployment will still be above

the 7 per cent which the chief economic adviser to the United States government says requires drastic, effective fiscal action.

If that is true in the United States, it is even more true in this country because our situation—as I tried to show, Mr. Chairman—has certainly not been better, and indeed it has been more difficult, more complex and in some respects worse than the situation in the United States. It is deep-seated; it is deep-rooted; it is difficult, I know. It has expressed itself in this country in terms of 700,000 men and women being out of jobs in 1961, and it is time this government did something effective about it.

Mr. Brunsden: Mr. Chairman, would the Leader of the Opposition permit one question?

Mr. Pearson: Yes.

Mr. Brunsden: The Leader of the Opposition has remarked on the growing labour force in the United States. Will he recognize, or will he admit that the growing labour force in Canada, in its relationship to unemployment, might have been encouraged at least in part by the wide-open door immigration policy of the preceding government?

Mr. Pearson: Mr. Chairman, there was no wide-open door immigration policy on the part of the previous government. There was a policy which admitted into this country new Canadians from Europe who could be absorbed in an expanding economy, and they were absorbed.

An hon. Member: That's what you think.

Mr. Pearson: If our economy today were expanding, we could absorb them. I have just pointed out to the committee that in the projection I made for the next five years I took the lowest possible immigration figure, and even on the basis of that projection the figures for unemployment are far too high.

Mr. Benidickson: In 1957 the present Prime Minister said that we should open our gates wider to immigration.

The Chairman: Order.

Mr. Howard: Mr. Chairman, I have listened with a great deal of interest to the frank admission of delinquency on the part of the Leader of the Opposition for that period of time when he and his colleagues were the government of this country. Surely to heavens, in view of the analysis that he has just given us, he should have been able to foresee these things when he sat on that side of the chamber. Perhaps if we had not had a moribund government at that time we would not have got into the difficulty that we are in today.

However, apart from that, the fact is that the opening remarks of the Minister of Labour were extremely disappointing. In view of the crisis that exists, in view of the things which we all hoped this government would be doing, to have a reference of perhaps two or three minutes duration on this particularly critical problem contained within remarks lasting for three quarters of an hour is, as I say, extremely disappointing.

The other parts of the minister's remarks about the expansion of the technical aspects of his department and its functions will undoubtedly be interesting and perhaps enlightening to a number of people, but they will not be of much help in this situation. The minister's department, so he has claimed, has in recent years been engaging in extensive research programs to assess what is existent within the economy, and to attempt to discover why the problem exists they have come up with all sorts of answers on different types of employment.

I do not recall them all offhand, but there are cyclical, seasonal, fractional and a variety of other descriptive words to classify types and reasons for unemployment. If this extensive research has been going on into the types and causes of unemployment, surely we could expect that the same sort of research would come up with some answers.

Perhaps they did come up with answers. Perhaps suggestions have been made and have been kept secret because the government did not wish to make them known to the public, thus indirectly admitting that there is a crisis existent in Canada today and that it has been in existence for a long period of time.

When there are no announcements of plans or programs in this regard, or for the reassessing of growth factors for the future, for this coming year and the following year, we can only come to the conclusion that the government has a barren and bankrupt mind on this particular problem.

The minister's comments in this regard were substantially the same as they were last year, the year before and the year before that. For all the time he has been Minister of Labour, including this year, the approach has been to gloss over the fact that there is a critical condition existing in the economy, and the government rests upon the hope that somebody else will be able to deal with it. "Let George do it", is obviously the attitude of this government.

I think this government fails to realize that the longer this crisis exists, the greater will be the destruction of the ability to work of individual, unemployed people. This is what existed during the depression years of the 1930's, when we also had a Tory government.

Long periods of unemployment in fact make psychological wrecks out of individuals who want to work more than anything else, who want to be employed, who want to do something constructive, who find regularly day after day after day that they are not accepted by society, they are not accepted by the economy, and the only place for them is in the soup kitchen or the breadline, begging for a hand-out or relying on welfare.

What does this do to the individual's ability to work? It wrecks, ruins and destroys it. It drives and forces that individual into a continual state of misery. This is what happens to individuals, apart from the fact that it is degrading enough not to have work. This is illustrated by the situation in Toronto, where children have to go, in effect, to soup kitchens for free meals because their parents obviously cannot find employment. I am referring to an account given in a newspaper that this is a situation which does exist.

An hon. Member: Make sure you read all of it.

Mr. Howard: My hon. friend says, "Make sure you read all of it". If my hon. friend would read as much about this problem as I do, and exert as much of his energies as he should in urging that action be taken by his colleagues in the cabinet, perhaps we would not be discussing this serious problem at this time. If he and his comrades had the intestinal courage to face the fact that there is and has been unemployment year after year, perhaps this condition would not exist.

These unemployed individuals will come to look upon themselves as outcasts. The Minister of Labour knows this full well; he should know it, if he does not.

What are the psychological problems the individual must overcome after he has been unemployed for a long period of time? I feel that such an individual psychologically will not fit into the economic structure. This problem arose following the unemployment of the 1930's and accounts for the great number of derelicts in this country today. The existence of this type of individual following a period of unemployment is of little use to the general economy.

I feel that this government simply does not have the courage to admit the unemployment situation. It has not had that courage since it took office. The government has continued to ignore the situation by saying that to admit it would be to lose face. The government sits back with the hope that the economic forces, upon which the government and the Liberals rely, will heal the economic situation and everything will be rosy again. The minister and his colleagues have fiddled around with this problem like a modern day Nero. There has been nothing done to deal with this problem in the way of concrete or lucid action. The taxpayers support inmates of penitentiaries to the extent of $5 a day while the government treats the unemployed workers of this nation as though they were members of an even lower class.

The minister refers to this exhilarating program including the productivity council, vocational training and double depreciation and the winter works projects, but they are merely ineffective first aid treatments for a very serious ailment and may be likened to treating a broken leg by the application of a band aid. The government has made no effort whatsoever to get to the basis of the problem. The minister speaks often of the incentive provided by the winter works program but admits by his actions in amending the program each year that it is not the cure-all it was supposed to be. He has brought this program forward again this year but suggests that if it is required next year it will be handled by supplementary estimate. He is in effect laying the groundwork for his answer to its failure.

I am sure that many individuals express the view that it is a waste of time for a member of parliament to stand here in this chamber urging the government to do something in respect of the unemployment situation. I am sure they feel that such an approach is an obvious waste of time in view of the government's blindness to the existing conditions. The government has done nothing to change this situation apart from putting into effect weak, ineffective measures such as those I have mentioned. I feel that we must persist in this approach in the hope that perhaps the government will take more effective action because one is alarmed by the fact that lives are being destroyed and children are without food because of the unemployment situation. Perhaps if we speak loud enough and long enough the minister and his colleagues will come to the conclusion that there is a problem and attempt to take steps to deal with it.

Mr. Chairman, my time is limited but I would like to mention two or three other specific items before I conclude. I am sure other hon. members will have an opportunity of dealing with the specific unemployment question from a philosophical base but I intend to limit my remarks to an attempt to convince the government that it has failed to deal with this question because of its political blindness regarding a society which is not working well, an economy that is not working well and a situation which needs a strong dose of socialist philosophy. I realize

that this suggestion is repugnant to the government even though it is actually the only effective one.

I should like to deal now with a question which the Leader of the Opposition briefly touched upon this afternoon namely, the functions of the Industrial Relations and Disputes Investigation Act. Last year the Leader of the Opposition quoted rather extensively from an article appearing in *Saturday Night* regarding a new approach to collective bargaining. Unfortunately I was not present in the house at that time when there was some discussion between the Minister of Labour and the Leader of the Opposition as to whether I was the author of the article. I belatedly admit that I was.

Mr. Pearson: It was a good article.

Mr. Howard: I thank the Leader of the Opposition for his remarks of that time regarding the substance of the article itself and must say that I also think it was a good article. It was my intention when writing that article to deal with a different approach to negotiations.

The Industrial Relations and Disputes Investigation Act provides for the payment of the expenses of the chairman and members of a conciliation board. The act provides for the payment of $30 a day but authorizes the governor in council to increase this amount. It is my understanding that the payments exclusive of expenses have been in the neighbourhood of $50 to $75 per day. I feel that conciliation boards are a waste of time and certainly involve a waste of the taxpayers' money. When one takes into consideration the value a conciliation board contributes to the resolution of labour and the management difficulties one feels that the taxpayers' money might well be saved in this regard.

I have several orders in council with me today in which the name of Mr. David Lewis appears. I am now looking at one dated September, 1958 which indicates an allowance of $50 a day payable up to 16 days. I must indicate of course that it makes little difference to me whether it is Mr. Lewis receiving this money or someone else; I feel it is a waste of money. I feel the abolishing of these conciliation boards is a means of saving the taxpayers' money. I feel that conciliation boards are not beneficial in regard to industrial-management disputes. I feel the Industrial Relations and Disputes Investigation Act is outdated and has outlived its usefulness. The province of British Columbia has a similar labour act which outlines steps similar to those in the Industrial Relations and Disputes Investigation Act. There are differences between the two in regard to time limits but substantially they outline the same steps in regard to negotiations, a conciliation officer and board, strikes, lockouts and perhaps subsequent negotiations.

Mr. Macdonnell: Mr. Chairman, I am very interested in the hon. member's views regarding the Industrial Relations and Disputes Investigation Act and Mr. David Lewis but I am wondering whether, before his time expires, he is going to make a single suggestion which will result in the employment of a single unemployed person?

Mr. Howard: My hon. friend and his uproariously applauding colleagues are perhaps in the same position as myself regarding research facilities but I will gladly sit up all night going through *Hansard* in order to supply him with specific references to suggestions I have made in this regard in the past.

As I said before, there are many people who think it is a complete waste of time to tell anything to a government that is deaf and blind to this particular problem, but I have made suggestions galore; specific, concrete proposals. They are all on *Hansard.* What happens? No interest is shown in them. They are there; they are still applicable.

My hon. friend may be interested in David Lewis and so on; maybe if this employment for David Lewis were cut off he might lose his income from conciliation activities. Nevertheless, I hope I am answering his specific question about proposals. They are on *Hansard.* I know how hon. gentlemen opposite dislike the truth, but it is there and if any hon. member wishes to read the numerous proposals I have made I will look through *Hansard* and pick out the positive suggestions which have been made, if that will do any good.

Let us get back to the conciliation board system. I am leading into industrial disputes and strikes. Unions and management have used the present system of negotiation toward the signing of collective agreements not for the purpose of bargaining in good faith—and I have used it myself, I am frank to admit—but for the purpose of delaying for one reason or another and wasting the time of the negotiating procedures either merely to get to the next step or in the hope that someone else will bail the two parties out of a difficult situation. This merely protracts and delays and takes them into a strike situation which is not too helpful.

But, in any event, the minister dealt briefly with this and, as I understood him, dealt with the accusation of the shifting of the responsibility which was levelled against him by the hon. member for Essex East. I think it is a shifting of responsibility if the minister says to those two groups, as he is prone to say to almost everybody else, "Do it yourself; get

yourself out of this difficult situation". This is not only a shifting of responsibility, it is an abandonment of responsibility, just as it is an abandonment of responsibility for the government to do nothing concrete about the unemployment situation.

Certainly if there were any sort of sensible approach to labour negotiations within the Department of Labour we undoubtedly would not be in the awkward position we are today, and the major railway unions and the railways might not be in the awkward position they are today. They were put there by this government merely because it abandoned or did not recognize its own responsibility in this field.

If the previous announcement means anything we are, I suppose, to have amendments to the Unemployment Insurance Act. I should like to deal with the question of unemployment insurance for fishermen which is of prime importance to me not only because I have many fishermen in my constituency but by force of interest also. I think some pretty scandalous accusations have been levelled against fishermen because of their participation in the unemployment insurance fund.

Mr. Pickersgill: Hear, hear.

Mr. Howard: These accusations are based—

Mr. Starr: Who made the accusations, the hon. member for Bonavista-Twillingate?

Mr. Martin (Essex East): That interjection by the Minister of Labour is most unfair. The suggestion is that the complaints that were made against the fishermen were made by the hon. member for Bonavista-Twillingate. There is no stronger champion of the fishermen of Canada than my colleague the hon. member for Bonavista-Twillingate.

Mr. Argue: Other than the hon. member for Skeena.

Mr. Howard: I thought the hon. member for Essex East was rising to a point of order. In any event, these scandalous accusations have been made against fishermen because of their participation in the fund. The accusations are that the fisherman takes out $9 for every dollar he contributes, because fishermen are singled out as one separate element, but this is a false and incorrect picture of the situation. The $9 of benefit for every dollar of contribution does not take into account—I asked this question of the minister the other day and the answer is on *Hansard*—the contributions that fishermen may make and do make while they are employed in a non-fishing occupation.

On the west coast we have many fishermen who also work in the logging industry. They alternate between the two. The statistical figure, however, takes into account only that contribution which they make in the form of those special, coloured fishing stamps; it does not take into account the contributions they make in the logging industry. This is a distortion of the true picture. If you took the loggers, or any other group of workers in seasonal employment, and singled them out of the unemployment insurance fund and looked at their contributions while engaged in that employment, and their benefits you would find somewhat the same picture. It would run between $8, $9, $10 and $1, which is a false and incorrect picture.

Mr. McDonald (Hamilton South): Eighteen to two is still nine to one.

Mr. Argue: Tory arithmetic.

Mr. Howard: That is about it. I do not see why people want to blame fishermen for this. In the first place, I think it was an incorrect way of dealing with them when the Liberals were in office. I understand that extreme objection was taken by the minister and the Department of Labour. It was done because one of the cabinet ministers at that time happened to come from the west coast. In using the approach—

Mr. Argue: Was it not the east coast?

Mr. Howard: No, the west coast; in fact, he was the minister of fisheries at that time. This was the incorrect method adopted. It singled out fishermen and put them in a group by themselves. They should have been integrated into the act. This is the main reason why we have all the difficulty and all these scandalous accusations, as I have said, that fishermen are using the fund when they should not use it. Unfortunately, I think what will come out of it—I hope it does not—is that this will be used as the basis for making the regulations against fishermen even more restrictive and putting them in an even worse position than they are today. I hope that when the amendments do come before us—if they do—steps will be taken, as they should have been taken a long time ago, not to distort further the Unemployment Insurance Act but to integrate fishermen into it so that they are an integral part of the act along with other workers.

(Translation):

Mr. Morissette: Mr. Chairman, in this debate that has been stirred up on the employment problem in Canada, I should like to attempt to bring out some of the underlying causes of the present uneasiness. In doing so, I shall stick to the facts as closely as possible in the firm belief that it is the only way to make a useful contribution to this type of discussion.

I shall not follow the example of certain members of the opposition in their demagogic efforts to please the electorate, especially the members for Essex East (Mr. Martin) and for Laurier (Mr. Chevrier). Those two members, deprived of their official prompter, would be hard put to state sound scientific arguments in the field of economics. I admit that this prompter, Mr. Maurice Lamontagne, enjoyed a good reputation at the time he was my teacher. Unfortunately, since he specialized in the writing of election pamphlets, he has lost track of economic realities.

Before starting my speech proper, I should like to denounce the blindness of all those who to better condemn the government define the present uneasiness solely in Canadian terms. This is either an outrageous aberration or a monstrous piece of dishonesty. The present unemployment is a problem throughout North America and the petty politicians who pretend to overlook this fact for vile partisan purposes, deserve to be denounced.

Only yesterday I read in the paper that the number of unemployed in the United States increased by 320,000 in February and reached 5,075,000, which is a record for the last 20 years. I read also that the 320,000 increase in February is three times the expected figure of 100,000. I only quote these figures, Mr. Chairman, to show the unfairness of these would-be politicians who, in a partisan spirit, have deliberately distorted the purpose of this debate.

A feature of the immediate aftermath of the war was the extraordinary development of private investment in Canada. This was only normal, since many big projects had been put off during the second world war. To illustrate this point, an economist mentioned the nearly complete dieselization of the railway systems in 1956 and 1957.

Industry as a whole had to make a huge effort in order to renew their plant and equipment.

There was new expansion of house building, which had been neglected for the sake of other industries of greater importance to our war effort.

There was a heavy demand for new houses, and thousands more were in urgent need of repairs. Canada turned to new production, to satisfy the demand from countries whose industrial equipment had been destroyed by war. This process has been excellently described by the president of the Montreal City and District Savings Bank, Mr. Guy Vanier, who stated in its 114th annual report:

> The ravages of war and the destruction of its means of production had made Europe dependent upon America. Owing to the tremendous accumulated demand, Canada was able to find outlets for all its products. That was an exceptional opportunity for a country with a great variety of raw materials but whose productive capacity was not yet up to the desirable level of development.
>
> And yet, in spite of its material losses, Europe was not without any resources. Its population is traditionally given to hard work, and has always been renowned for technical know-how of the highest calibre. Thanks to the liberality of the United States, the countries of Europe found themselves with a considerable buying power in the very midst of all their trials, and they systematically reconstructed their plants. Nowhere in the world today can better equipment be found; because of the skill of their workers, and the lower wages paid, those countries have not only become largely self-sufficient but have been able to take over markets which we had temporarily made our own. Instead of warring between themselves and weakening one another, the countries of Europe have grouped themselves into a Common Market with the result that today Europe is the most powerful industrial unit after the United States.

It is obvious, Mr. Chairman, that artificial post-war conditions have created an equally artificial prosperity. We are justified to-day in blaming those who were then governing the country, who let themselves be blinded by a spurious prosperity and, either through ignorance or laziness, failed to take the necessary steps for an adjustment.

The lack of care and of foresight shown by the former Liberal administration is largely responsible for our present difficulties. So much for private investment.

Let us now turn to the many problems created by what is known as automation, the bitter effects of which have been felt in recent years and constitute a major challenge for managers and businessmen at this time. To fail, as did our opponents, to take into consideration the many consequences of this new phenomenon is, to say the least, a sign of a lack of insight and of realism. The replacing of men by machines cannot be accomplished without shaking the whole economy. Studies published in *Canadian Labour* which, as everyone knows, is the official organ of the Canadian Labour Congress, reveal disturbing facts. I would like to quote a few of them.

According to these statistics a 25 per cent reduction in the number of railroad workers, that is 35,000 workers, has resulted from railway dieselization. By using jet planes, T.C.A. has been able to effect a considerable increase

in the capacity of its aircraft and a 100 per cent increase in their speed. When one aircraft does the work of three, the effect on air line employment is readily seen. In the iron mining industry, production per man has gone up 250 per cent between 1952 and 1959, because of automation. From 1948 to 1958, the number of smelter workers has dropped 22.1 per cent but the output has risen 50 per cent while the value of production has almost doubled.

Let me quote a few other figures concerning the lumber industry, which I have found in a recent publication by the Canadian Pulp and Paper Association. The lumberman's average daily production has increased 38 per cent in the last decade due to improved equipment. If you take into consideration the total number of on-site workers the increase is 40 per cent.

According to Mr. R. Dymond, director of the economics and research branch in the Department of Labour, production increased 49.8 per cent in the car industry between 1949 and 1959. In the same period, the number of jobs available went up only 11 per cent. In the automobile parts industry, during the same period, production rose 19.7 per cent and the number of jobs available, only 6.8 per cent. In the electrical appliances industry, for the same period, production rose by 81.6 per cent, as compared to a 40.6 per cent increase in the number of jobs available. In the machine industry, the increase was 33.7 per cent in production and 16.8 per cent in the number of jobs. In the home appliances industry, it was 53.7 per cent in production and 19.3 per cent in the number of jobs. Those figures alone significantly demonstrate the effects of automation on unemployment.

The statistics I have just mentioned do not mean that I wish to over-simplify the problems created by technological developments and the introduction of modern mechanical, electrical and electronic devices. I do not want to dispute the fact that the development of improved means of production can, in general terms, represent a blessing for our economy. But it can never be too strongly emphasized that, over a short period, accelerated automation such as we have seen in recent years creates upheavals from which workers are the first to suffer.

The long term object of automation is increased output. It is a most desirable object for Canada whose main economic problem is to reduce the cost of production in order to successfully compete with foreign countries on the national and international markets. However short term policies must be adopted right now to protect workers displaced by machines.

May I insist on the fact that, in a country such as Canada, which is importing a large proportion of the new machines and new equipment, automation might well have particularly nefarious consequences for the workers. I like to think that the new productivity council will attach special importance to this problem. Problems of productivity cannot be divorced from those of the workers.

I see in the act providing for the establishment of a national productivity council that one of the objects of the council will be:

> —to foster and promote the maintenance of good human relations in industry, the use of training programs at all levels of industry, the use of retraining programs to meet changing manpower requirements.

When it has discharged those necessary duties, the productivity council which, when it was established, was so violently criticized by our opponents, will have been of outstanding service to the country's economy.

I should like now to continue with what I would describe as a brief social study of unemployed manpower. To properly understand the problem of low employment, it is necessary to break down the total figure of unemployment into its main components. For instance, how can we not be deeply impressed by the fact that about 20 per cent of the jobless are young people still in their teens? In fact, out of the 429,000 unemployed registered in November, about 80,000 are from 14 to 19 years old. Out of 100 young people leaving school before they are 20 years old, 10 per cent and more are unemployed the year round. I refer to the November figures but, relatively speaking, the problem remains the same throughout the year. The problem is becoming more and more important, while it may be explained by the fact that there are a greater number of young people in Canada, as a result of the higher birth rate about 15 or 20 years ago.

Young people of 15 to 19 years old today were born during the war when the birth rate was increasing. There were 60 per cent more births in the first five years following the war than during the five previous years. A great part of that surplus population is now overcrowding the labour market. I have given a few examples in connection with the number of unemployed among young people of

less than 20 years old. We now see that the number of workers among young people of 14 to 19 years old, reached 593,000 on January 14.

Therefore, it is obvious that the labour market is prematurely overcrowded by thousands of young people who could more usefully prepare themselves for the tasks of life by attending school, because education, as was indicated to the Senate committee on labour and employment, is directly related to unemployment.

In February 1960, the dominion bureau of statistics made a special survey of the education level of the unemployed. The results were simply astonishing. Among those who had not completed their primary studies, the proportion of unemployed was twice as high as among those who had completed them. It was six times higher than among those who had been through high school.

Statistics have shown also that the proportion of unemployed is much higher among non-specialized workers than among those who have a trade. In the light of those facts, it is easier to understand all the advantages which will result from the Technical and Vocational Training Assistance Act and from the setting up of the productivity council.

I referred a moment ago to the possible effects of automation. I should like to stress here that automation is being felt in agriculture perhaps more than anywhere else. The obvious result was a transfer of the labour force from the farming sector to the non-farming sector of the economy. In the last ten years, the number of farm workers has decreased by 340,000. In 1950, it reached a million and it was less than 700,000 in 1960. In other words, the non-farming sector had to absorb a supplementary labour force of 340,000 people.

Now, that transfer of farm labour is noticeable especially among young workers. Children of agricultural families, after less than elementary schooling, leave the land to seek jobs. The rate of transfer among young men and young girls of less than 20 years old is extraordinarily high. Among young people of 15 to 19 years old who were living on farms in 1951, two fifths had left the land in 1956. These young rural displaced workers, going to cities, generally belong to that category of workers who are more tragically affected by unemployment on account of their lack of education.

This is an alarming problem and it is extremely urgent that we take all means possible to provide these young people with the education, vocational and technical training that will allow them to find jobs more easily. That would offer a very wide field for the application of the technical and vocational training program undertaken by the federal government in co-operation with the provinces.

Economists are unanimous in forecasting that while the farm labour force, especially on account of automation, has substantially decreased, the same trend will continue in the next few years. In the last five years, the farm labour force has dropped by 150,000 workers; it is expected that it will lose some 70,000 more in the next five years. It has been estimated that employment in the non-agricultural sector will increase by 18 to 20 per cent from now until 1965.

Another important factor to note here, which might somewhat explain the present situation, is the fact that, in the last few years, the labour market has been invaded by a very great number of women. The rate of unemployment among women is less than half the rate for men. The female population has provided, these last few years, almost half the labour supply, but it has suffered much less than the male population from economic fluctuations. This is a relatively new sociological phenomenon, which those who analyse the employment situation should consider closely.

Mr. Chairman, I wanted to discuss briefly some of the problems resulting from the present employment situation in Canada. In describing these phenomena, I was able to show that their urgency and scope did not escape the government's attention. Ignoring the easy criticism and demagogy of political opponents who have been shamefully exploiting a serious problem and a difficult situation for election purposes, the federal government has adopted several long term policies, the advantages of which will certainly be felt in the future. I have mentioned more particularly the creation of the productivity council whose task it will be to try to solve the more basic problems in our economy. I have also referred to the legislation concerning technical and vocational training, which will also help to solve one of the most urgent problems of our times.

I shall not mention here all the legislation of more immediate application, which is also aimed at correcting the present situation.

The Minister of Labour (Mr. Starr) has just announced that the winter works program promoted by the federal government in co-operation with the provincial governments has supplied direct work opportunities to about 100,000 people. There again, you have a policy which was violently critized by our opponents.

At the beginning of my remarks I pointed out that the slowdown in private investment is at the source of our present situation. When private investment slows down, it is the government's duty to provide assistance.

The Conservative government has had the courage to apply a contract-cyclical policy of budgetary deficit. Its public expense program has been quite impressive and has produced impressive results. Let me state only one example in that connection. Members will recall the extraordinary impetus given to the home construction industry in 1958 through the policy of the Conservative government. Again this year, extensive changes have been made to the National Housing Act and are about to produce more development in that industry.

The Minister of Public Works (Mr. Walker) announced in the house on March 1, 1961 that due to widening in the scope of the National Housing Act loan applications have reached a peak which was never equalled in Canadian history, except for a short period of a few weeks in 1958. Here is what the Minister of Public Works had to say:

> Activity during the week of February 24, 1961 was extremely buoyant, with 1,205 requests for National Housing Act loans. This brought the total for the first eight weeks of the year to 7,381, compared with 650 in the same period last year. Of the 1961 total, the life insurance and trust and loan companies received 2,921 requests and Central Mortgage and Housing Corporation 4,460.

The Minister of Public Works pointed out that once the loans are converted into starts, employment opportunities will be provided for 35,000 men, and this is only for the first eight weeks of 1961.

I have tried, Mr. Chairman, in my remarks to the house, to bring out the effort made by this government to face up to the difficult situation we are going through at the moment and indeed to the problems confronting North American nations at the present time. I would like everybody to realize perfectly that the government did not bank on chance to solve the problems. It could not, under the circumstances, take advantage of certain developments like that of war and post-war. The facts did not make it good and easy for the government, as they did for the Liberal administration—

We should recall in this regard that in 1935, when the Liberals resumed power under misrepresentations, they were to restore Canada's economy and put an end to the serious unemployment of that time; we know that in 1939 they had done so little that the employment situation was worse that it has ever been recently as shown by the figures the Minister of Labour gave us recently. But war came to settle everything, if I may put it this way; after that came the post war period and the Korean war. It is only later that came to light some indication of the difficulties the government had to readjust our country's economy to peacetime conditions; those indications multiplied later to the extent that, in 1957, alarmed and concerned about the result of the oncoming elections, the Liberals had to hide from the public a report warning them to take immediate measures to check the rising recession.

This proves the Liberals have never been able to control a situation. Improvisers by profession and necessity, they showed themselves unable to realize the magnitude of those causes which were to subject our economy to the disturbances of which we are now aware. I cannot see how they could have authority now to play the busybodies. They place themselves quite imprudently in the situation of their swashbuckling former colleague, the present premier of Quebec; he also, as his former associates are boasting now, was to eliminate all trace of unemployment. All he did was to increase it. So, it will be up to the people, under the circumstances, to choose between sincere politicians and power thirsty demagogues.

(Text):

Mr. Pickersgill: I do not intend to follow the hon. member for Rimouski who began by saying he was going to make an impartial and non-partisan speech and ended by blaming the present premier of Quebec for the unemployment in Quebec, saying, at the same time, that the government in Ottawa should not be blamed in any way for the unemployment in Canada. That represents *un manque de logique que je ne comprends pas.*

Moreover, I do not intend to waste any time, either, on the hon. gentleman's argument that when this government came into

office the Liberals were responsible for the unemployment which, in fact, did not exist in Canada at that time, but they say was a heritage from the Liberals, although there was virtually full employment in this country in June, 1957, when this government took over. But now unemployment has nothing to do with this government, because it is a continental phenomenon. Perhaps the hon. member can explain that to his constituents, though I doubt it. I do not think he could explain to many Canadians that a government which went out of office when there was the highest degree of employment known in Canada is responsible for the unemployment in the United States which is, of course, the only logical deduction one could draw from the statements made by the hon. member for Rimouski. It apparently depends on who is in office, who is responsible for unemployment.

The hon. member for Medicine Hat asked the Leader of the Opposition at the end of his speech if it was not the unrestricted immigration permitted during the period when the Liberals were in office; that period, it would be recalled, when we were flooding this country with English immigrants according to the Secretary of State. The hon. member for Medicine Hat suggested that was the cause of the unemployment. But he forgot to tell the committee that his leader, the present Prime Minister, in May and June of 1957 was complaining because we were not, he said, allowing enough immigrants into this country. That was the program on which this government was elected. Hon. members opposite now say it was the immigration permitted under the late government which left them a legacy of unemployment.

The plain fact is that the most important single contributing factor, not to the original unemployment—because there was a recession, as everyone knows in 1958 and the most important contributing factor to the continuation and accentuation of the recession in this country—is the complete confusion and mismanagement of the affairs of this country by the hon. gentleman and the lady to whom they are at present entrusted. I do not say they are entirely to blame but they are apparently incapable of doing anything about the matter.

The Minister of Labour said that he would not take the time to recount all the things they had done. That would not have taken very long. I suggest the reason he did not recount them was because there was nothing substantial to recount.

The hon. member for Skeena made some observations with which in the main I completely agree. There is a campaign in this country at the present time—I do not know who is responsible for it—to try to deprive the fishermen of unemployment insurance by suggesting that the main drain on the fund has been what has been received in the way of benefits by fishermen since as a result of Liberal legislation they qualified for unemployment insurance. This is not true. The losses through the mismanagement of the fund by this government have been a very much more substantial drain on the fund than anything paid to the fishermen. The fact of the matter is the granting of the benefits of unemployment insurance to fishermen as to other seasonal workers was long overdue. The hon. gentleman said the Liberals did not do it in the right way. Well, I did not think it was perfect. I thought it could be improved but I was content with the best I could get at that time until it could be improved. That is what happened in those days.

I recall that the hon. member for Skeena had something to say about this, and I sent for *Hansard* of August 6, 1956. The hon. lady who is now Minister of Citizenship and Immigration had this to say about unemployment insurance for fishermen:

> I am sure the present regulations that are being brought in are in part due to the keen interest that was taken by the Minister of Fisheries and also by the Minister of Citizenship and Immigration.

I was the minister of citizenship and immigration at that time and I am more proud of having had some part in that legislation than of anything else I have done as a member of parliament.

A member of the C.C.F. party a good deal more distinguished than I am afraid the hon. member for Skeena is ever likely to become, the late Mr. Gillis, one of the most respected members of this house in his day, also had this to say:

> I know that the Minister of Citizenship and Immigration worked hard as well, but of course he has a motive in that a large part of his riding is a fishing area. He is working for his riding, and rightly so.

If I never do anything else for my riding and for the fishermen who are engaged in the first of all industries in Canada, I am proud to be associated with that legislation and I resent these efforts, wherever they come from, to try to sabotage it.

THE ROYAL ASSENT

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

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

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

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act to repeal certain laws relating to the signal station at Halifax.

An act to amend the Indian Act.

An act respecting the construction of a line of railway in the province of Quebec by Canadian National Railway Company from a point at or near mile 72 of the Kiask Falls subdivision in a northwesterly direction to a point in the vicinity of Mattagami Lake.

An act respecting Queen's University at Kingston.

An act to incorporate Canadian Federation of Music Teachers' Associations.

An act respecting The Canadian General Council of The Boy Scouts Association.

An act to amend the Pension Act.

SUPPLY

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

DEPARTMENT OF LABOUR

General administration—

178. Departmental administration including a grant of $10,000 to Frontier college and the expenses of the international labour conferences, $1,373,104.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Pickersgill: Mr. Chairman, this afternoon, on the orders of the day, the Minister of Labour was asked a question by my hon. friend from Welland, the general purport of which was to this effect: could the minister, if any hon. member wished to have it, get the details of the application for employment of any person before the commission? The minister chose to identify this general question with that particular case about which he made a statement yesterday, and when he did that I made the charge that the minister in his statement of yesterday in answer to a question, which was not a spontaneous question and obviously had been planted by someone, was in breach of the law which was enacted by this parliament, namely section 98 of the Unemployment Insurance Act which reads as follows:

[Mr. Pickersgill.]

Information, written or verbal, obtained by the commission from any person pursuant to the provisions of this act or any regulation shall be made available only to the employees of the commission in the course of their employment and such other persons as the commission deems advisable—

The minister told us yesterday—and I will not trouble to read his statement unless anything I say is challenged; I have it here if it is—that the information he imparted to the house he obtained from the Hamilton office of the commission. He suggested that the officer who gave it to him was a person authorized to do so. I again draw your attention to the words "such other persons as the commission deems advisable". The act is quite specific about who is the commission. It reads:

There is hereby established a commission called the "unemployment insurance commission" consisting of three commissioners, appointed by the governor in council, of whom one shall be chief commissioner.

It is straining our credulity well beyond the breaking point, sir, to suggest for one minute that the commission met yesterday morning and that three commissioners, after due deliberation, particularly when one knows that the chief commissioner was not in Ottawa yesterday, decided that it was advisable to communicate this information to the minister for the purpose of making it public in contravention of the act.

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

Mr. Pickersgill: Not until I have concluded what I have to say and then I will only be too happy to answer the hon. gentleman's question because, knowing him, I know it will be a sensible one.

I am seeking to make an argument and it is, of course, a well-known device to try to prevent argument by asking questions, not that I am imputing an improper motive to the hon. gentleman. I want to go on and say that under the law this information is communicated to the commission which was set up as a body to be independent of the day to day administration of the government.

If parliament had wanted the Minister of Labour to administer the Unemployment Insurance Act parliament would have given that job to the Minister of Labour, but parliament in its wisdom saw fit to create a commission for that purpose precisely so that it would not be used for political and improper purposes. Parliament decided in its wisdom that this confidential information about people's private lives would be used only for the purpose of assisting them to

get jobs, not for the purpose of making political propaganda for any political party. I think, sir, in all my experience in parliament this is the most outrageous conduct I have ever seen on the part of any minister of the crown save one, and I shall have a word to say about that before I am through.

It so happens that yesterday also there was a motion on the order paper in the name of the hon. member for Assiniboia which was allowed to stand very shortly before the Minister of Labour made this outrageous statement. The hon. member for Assiniboia asked for certain correspondence regarding the discontinuance of the publication of statistical material relating to steel operating rates and steel producing capacity by the dominion bureau of statistics. What did the Minister of Trade and Commerce say about that? This is what he said:

> Mr. Speaker, some doubts have been raised as to whether tabling of the information requested would be a violation of section 15 of the Statistics Act. Would the hon. member be agreeable to this motion standing until this point has been investigated?

Now, that was a very proper attitude to take, of course, and the hon. member properly allowed his motion to stand. But consider the difference between the two. The Minister of Trade and Commerce was afraid that he might give some information which would be prejudicial to two or three great producers of steel, great corporations in this country. On the other hand, the Minister of Labour, thinking he could smear a Canadian citizen who was out of work, and thereby discredit all Canadian citizens out of work, broke the law, defied the law made by parliament in order to make political propaganda,—

An hon. Member: Nonsense.

Mr. Pickersgill: —under his immunity in this house. In other words, if it is a poor unemployed person, you can disregard the law. If it is a steel company—

Mr. Starr: Mr. Chairman, I rise on a point of order. When the hon. member for Bonavista-Twillingate says that I used my immunity I say to him now, to tell the truth I tell it to the world, not only to the House of Commons.

Mr. Brunsden: On a point of order—

Mr. Pickersgill: I submit there is no point of order before the Chair.

The Deputy Chairman: I will have to hear the hon. member's point of order.

Mr. Brunsden: The point of order is that the hon. gentleman whom we all respect and admire is imputing motives to this government against the word of a self-confessed gentleman who—

The Deputy Chairman: Order; this is a question of argument; it is not a point of order.

Mr. Pickersgill: Well, sir, I ask the Minister of Labour this question. What would the Minister of National Revenue be likely to answer if we asked whether a member of the treasury benches had paid his income tax? If we demanded the papers about the income tax returns of a member of the treasury benches—say the Minister of Labour himself—what would they say? The government would cite section 133 of the Income Tax Act, which is well known to hon. members, which makes it an offence for any member of the income tax branch, and properly so, to communicate that information because it is the private affair of that person. Well, of course, if it is your income tax it must be secret, but if it is your chance to earn a livelihood you can be smeared in defiance of the law by a minister of the crown sheltering under his immunity in this house. I say, sir, this is an outrage.

Mr. Horner (Jasper-Edson): The telecast was an outrage.

Mr. Pickersgill: I have never, sir, in all the time I have been here, seen such a clear-cut revelation of the difference between the Tory mentality and the Liberal mentality, as was revealed yesterday in this house. When the minister got up with all his power and might to smear this poor fellow who had been trying to earn a living—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —what did they do? They all applauded with the greatest of glee. Why? Why did they do this? Because they want to discredit all the unemployed; because they have been trying for three and a half years to pretend there is no unemployment in this country. When their bluff was called in dramatic fashion it became a crisis and the Minister of Labour had to come into the house and break the law made by parliament in order to score a debating point and to smear the unemployed.

Now, sir, what did the minister say? He said today that the unemployment commission has an office in Hamilton which operates under the provisions of the act, that an employee of that commission is perfectly within his right to use his judgment and that when a minister who reports to parliament requests certain information the employee is certainly doing his duty in supplying the minister with it. Of course, that is not what the law says nor is it what parliament says but this minister, who thinks himself above the law,

disregards the law. If the minister had wanted this information he should have gone to the commission.

Mr. Starr: May I ask a question on that point? Is the hon. member saying at this point that there should be no information issued by any of the local offices to any member of parliament, let alone the minister? Is that what he is implying?

Mr. Pickersgill: Of course, I might characterize that question in terms the minister is very fond of using by saying that it is a stupid question. However, that is not the way I deal with questions. That is what the minister does. I will answer the minister's question and I will answer it this way. If it is information that the law does not forbid them to impart there is no reason, of course, why they should not give it to the minister although the minister does his best to see that they do not give it so far as we are concerned. When we want statistics he makes it as difficult as possible for us to get them. But the law says that you cannot give details of an individual's case. It says that specifically and the minister chooses to break the law in order to make propaganda for the government and to exploit the suffering of Canadians.

Mr. More: On a point of order, Mr. Chairman, the allegation has been made by the hon. member that the minister has broken the law. It is my understanding that a charge of that kind must be supported by a motion and that it is out of order if it is not. The hon. member made the statement that the minister broke the law and I demand that he withdraw or support it.

Mr. Argue: C. D. Howe used to break it every other day.

The Deputy Chairman: Order. This is a question of argument.

Mr. Pickersgill: There is no point of order at all, and if the hon. gentleman had been here when some of these paragons were over on this side of the house he would realize how ridiculous that sort of statement is.

An hon. Member: Watch your apoplexy.

Mr. Monteith (Perth): I gather you support this type of thing?

Mr. Pickersgill: The minister says that I support this type of thing. I support observance of the law. In every circumstance in all my life I have supported observance of the law and the upholding the law. I may say, sir, that I could have obtained a cheap advantage many times when I was minister of citizenship and immigration—

[Mr. Pickersgill.]

An hon. Member: You did.

Mr. Pickersgill: —by revealing what was in the files of private individuals. There was nothing in the Immigration Act to say I should not, but I considered it would have been immoral to do so and I did not do so. But this is not just a matter of immorality; it is a matter of the law made by parliament and disregarded by a minister who took his oath to uphold it. What is the justification for this breach of the law? The minister gave it himself. He said, "In any event, Mr. Speaker, when there is any misrepresentation of any kind to the detriment of our economy..." Imagine this poor fellow going on television and being a detriment to our economy. It must be a pretty fragile economy if the television appearance of one man and his wife and three children is going to destroy it.

An hon. Member: Did you write the script?

Mr. Pickersgill: I suggest that the real destroyers of the economy are the gentlemen who are trying to prevent this sort of thing from happening. "In any event", said the minister, "when there is any misrepresentation of any kind to the detriment of our economy"—what the minister should substitute for that is "to the detriment of the Diefenbaker government", the government that was not going to allow anyone to suffer because of unemployment.

The minister went on to say, "I feel that it is my duty as a member of this government to reveal the true facts". The law says he cannot, but it apparently does not matter what the law says. No doubt some public relations adviser told the minister this would be a smart thing to do and this minister, who is above the law, disregards the law, disregards his oath of office to make a little capital out of the situation.

Some hon. Members: Oh, oh.

Mr. Pickersgill: How do we know, sir, whether or not what the minister told us was true?

Mr. Brunsden: Oh, for heaven's sake.

Mr. Pickersgill: A minister who would break the law would be quite capable of giving part of the story instead of the whole story. We do not know whether this statement is true and I am not saying whether or not it is true. But I do say that I have very grave doubts whether the minister gave us the whole truth. I have very grave doubts if the minister gave us the whole truth and, of course, he would have a marvelous precedent for not doing so because we remember

well the debut of this government. We remember well how a page with the word "confidential" on it was torn off a document and how selected bits were taken out of that document misrepresenting it for the sake of producing some cheap political propaganda. If the head of the government can do that sort of thing, what would you expect of his disciples? Once you start on that road of bad faith—

Mr. Martineau: How well you know.

Mr. Pickersgill: —you can never stop. I say, sir, that we do not know, have no means of knowing and have no right to know whether or not what the minister told us was the whole truth. I am not accusing the minister himself.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I am accusing him of a lot. I am accusing him of breaking the law, which he clearly did. I am not accusing the minister himself of suppressing any information given to him by the employment service but how does he know that he got the full story when he called them frantically and hysterically after caucus yesterday morning and had to arrange to have someone ask him what was an obviously planted question?

Mr. Henderson: That is not so.

Mr. Starr: Mr. Chairman, I rise on a question of privilege that involves every member of the house—

Some hon. Members: Oh, oh.

Mr. Henderson: On a question of privilege, Mr. Chairman, when the hon. member says that the question was planted he is absolutely wrong.

Mr. Pickersgill: As a matter of fact, perhaps I might admit that it was planted in rocky soil and if it would do the hon. member any good I would say that the roots were visible. At any rate, I think we can all draw our own conclusions. I think it is perfectly obvious to anybody who witnessed what happened yesterday why this was done. I have no brief for the broadcast one way or the other. I know nothing whatever about it because I did not even see it but I do know there are tens of thousands of people in this country who are either unemployed and having a dreadfully difficult time or who are afraid they are going to be laid off next.

When the government realized that this performance was making an impact on the public they said: we must discredit the unemployed at once; we must give the impression that they are frauds and fakes because otherwise people might remember the Prime Minister's speeches all through this country in 1958 when he said, "No one will suffer". The suffering is going on now, sir.

An hon. Member: We are suffering right now.

Mr. Henderson: We are suffering listening to you.

Mr. Pickersgill: The fact is that suffering is going on now. This government has tried for 3½ years to hide this fact from the people of Canada and to pretend it was not there. However, when hon. members opposite can pretend no longer their next tactic is to try to discredit the unemployed. I say, sir, if you could ever find a perfect example of the difference between the Tory attitude and the Liberal attitude you had it in the conduct of the Minister of Labour yesterday.

Mr. Thrasher: Mr. Chairman, may I at the outset associate myself with the remarks of the Leader of the Opposition this afternoon when he paid tribute to the retiring deputy minister of labour. I know that their friendship extends back for a long period of time, perhaps even before my advent on this earth. I have known the retiring deputy minister only for the short period since my appointment as parliamentary secretary but I have come to share the same high regard and affection for him that the Leader of the Opposition has.

I understand that when the Leader of the Opposition was speaking this afternoon he, in turn, associated himself with some remarks the minister made concerning the officials of the Department of Labour and the unemployment insurance commission. It is unfortunate that the Leader of the Opposition has not been able to inculcate in the hon. member for Bonavista-Twillingate this same high regard for the civil service of this country that he has. Yesterday the Minister of Labour rose in this house to defend the employees of the national employment service from a fraudulent portrayal of the type of service they are giving to the Canadian people. This afternoon the hon. member for Bonavista-Twillingate described this defence of the employees of the national employment service as a cheap political trick. In his remarks this evening he made the assertion that possibly the manager of the unemployment insurance office in Hamilton did not give the minister the whole truth.

Some hon. Members: Shame, shame.

Mr. Pickersgill: He had no right to give him any facts.

Mr. Hellyer: Remember the sailing club.

Mr. Thrasher: It is obvious that this hon. gentleman does not have any regard for the

civil servants of this country, for their loyalty and their devotion. The employees of the national employment service for many years under the previous administration sought an adjustment in their rates of pay to bring them into line with those in other departments. The people sitting over there refused this request. The Minister of Labour, after a few years in office, was able to bring about an adjustment which resulted in these people being properly compensated. When the minister rose in this house to defend these employees, the hon. member gets up and calls it a cheap political trick.

Mr. Pickersgill: And a breach of the law.

Mr. Thrasher: The hon. gentleman is known as "jumping Jack", and I believe that name is consistent with his character. I would suggest to him that perhaps he ought to continue the law course he has been taking because it is apparent he is not too well acquainted with the law.

The hon. member during the course of his speech mentioned something about unemployment. Apparently he has lost his liaison with the premier of his province, Mr. Smallwood, who is now in ill health and forced to take a rest even while the house of assembly of that province is in session. I should like to quote now from the March 5 edition of the *Newfoundland Herald* in which the premier is reported as saying that 52,400 new jobs have been created in that province. If this is the case and these jobs have been created in that province, much of the credit must go to the federal government which provides over 60 per cent of the money expended by the province of Newfoundland as well as many millions more by way of family allowances, increased old age pensions, public works and so on.

I listened with interest this afternoon to the very admirable and scholarly address given by the Leader of the Opposition during which he analysed the present economic difficulties and the employment situation in this country. In his analysis he dealt at great length with the causes of this situation. He showed an admirable grasp of the subject. There was only one thing he forgot. He did not say anything about a cure. We were all interested—

Mr. Pearson: I will be speaking again on that.

Mr. Thrasher: —in hearing about a cure, but we heard nothing. We heard this speech a year ago, at which time we heard nothing about a cure, and I look forward to hearing it again a year from now.

[Mr. Thrasher.]

Mr. Pearson: Why don't you do something about it? You are a member of the government.

Mr. Thrasher: This afternoon the Leader of the Opposition asked the minister to comment on the manpower committee of the other place. Surely, he must know that it would be improper for the minister to make a statement on a committee sitting in the other place.

The Leader of the Opposition also made some reference to the unemployment insurance fund and to its depletion. Presumably, the unemployment insurance fund was established to assist people who were suffering from unemployment. This fund is bound to suffer depletion in a period when there is high unemployment. The opposition speaks from both sides of its mouth at once. It criticizes us for spending money out of the fund. Which way are they going to have it, Mr. Chairman? They cannot have it both ways.

The Leader of the Opposition also took exception to the Minister of Labour dealing with the affairs of this department. He apparently is not interested in such matters as vocational training, municipal winter works, civil rehabilitation and the other services provided by the department. If he were, he would have made some mention of them. He could hardly wait, Mr. Chairman, to give us a little lecture on the causes of unemployment. We are still waiting to hear about the cure, but I understand now that perhaps we will hear something from him later in this debate.

The Leader of the Opposition asked the minister about the Industrial Relations and Disputes Investigation Act, and wanted to know why it had not been amended. We are interested in hearing about the amendments he considers are necessary to this act. However, if he wants to know what the holdup is, I can tell him that labour and management have been so far apart in the amendments they have suggested it has not been possible to bring about any reconciliation in their respective views. One of the problems in this country may be that we have not been able to reconcile the views of management and labour. We are attempting to do so, Mr. Chairman, and we have called a meeting for that purpose for March 15 of this year.

The Leader of the Opposition spoke a great deal about President Kennedy. One would have almost thought President Kennedy was the new leader of the Liberal party, since the hon. member spoke in such glowing terms of him. I am not so sure President Kennedy would be prepared to accept such an honour.

However, I believe the reason why hon. members opposite do this is that what we have done to combat unemployment in all sectors stands out in shining contrast to their own dark and dismal record in this respect. They turn, therefore, to President Kennedy for a basis of comparison. Certainly this comparison is far more favourable than it would be if comparison were made with anything the Liberals had done.

I would point out, too, that President Kennedy is in the United States and we are in Canada. The Leader of the Opposition went to great lengths to quote the opinions of United States economists. This is quite all right and we do not take exception to it. However, I point out to him that the problem we have to solve is in this country and I would suggest that he turn his attention to what is happening here. I might add that we do not hesitate to compare our program with that presently being suggested by Kennedy. He is an energetic and aggressive young man with tremendous power at his disposal.

It is interesting in this connection to note that many of the things he is suggesting now are things that are already being done in this country or which are presently being introduced. Even the Leader of the Opposition will, I think, admit this. The other day President Kennedy said that labour and management must forget their differences and concentrate on areas of mutual interest. Apparently this statement has failed to come to the attention of the Leader of the Opposition.

On February 3, President Kennedy made certain proposals to congress. The Leader of the Opposition has invited an examination of those proposals and I hope he will not be disappointed by the results of that examination. There were 12 matters. The first dealt with expansion in housing. This we brought about two years ago and we are still taking action in this field. He proposed an extension of the unemployment insurance benefit period to 39 weeks. It may surprise the Leader of the Opposition to learn that at the present time in Canada unemployment insurance benefits can be collected over a period of up to 77 weeks.

As far as the opposition are concerned I think they are just bankrupt of ideas and have tried to hide behind President Kennedy's success. We had a 40-minute economic analysis this afternoon but we did not have a minute for the cure. I commend the Leader of the Opposition on his analysis; I commend him for his bedside manner. But I cannot commend him for any prescription he had to offer.

President Kennedy suggested before congress that the national employment service should be extended. This we have done, and the Minister of Labour made some reference to it this afternoon. The president recommended aid to dependent children of unemployed persons. One of the first things we did when we came to office was to extend the provisions of the Unemployment Assistance Act. He recommended aid to distressed areas. We have already taken action along these lines. It is clear from the attitude of the opposition in the speeches we have heard today that their psychology is one of depression. They have no real policy in this field. They ask what we are doing.

An hon. Member: What are you doing?

Mr. Thrasher: First of all, I will refer again to the suggestion regarding assistance to surplus manpower areas. We asked the municipalities, if they feel they are entitled to double depreciation allowances, to apply for that type of assistance. We would then investigate the situation in the light of figures available from the Department of Labour and the Department of Trade and Commerce. If we are satisfied in the light of this examination we shall grant double depreciation allowances to any new industries setting up in those areas. The opposition say they would not have done it this way. The real answer is that they would not have done it at all.

This afternoon the Leader of the Opposition quoted from Mr. Coyne. Apparently he overlooked Mr. Coyne's reference to the effect of United States tariff barriers on Canada's economic advancement. In his analysis of the economic situation the Leader of the Opposition pointed out that one of the softest spots in our economy was the manufacturing industry. He said the manufacturing industry had not kept pace with developments elsewhere. Why did he stop there? Why did he not take up Mr. Coyne's argument? He must be familiar with it, because apparently he read the speech. The reason is that the Liberals have put themselves in an untenable and indefensible position by opposing the legislation dealing with the revision of the definition of class or kind made in Canada. It seems to me that every time this government takes some action which will be of some benefit to the economy of the country we are told by the opposition that it is no good, that it is unsatisfactory. Yet this afternoon—and, I understand, not too long ago in Montreal—the Leader of the Opposition stated there was no one cure for the problem which exists in Canada today. Certainly this government recognizes that fact. That is why we are introducing a wide variety of measures to deal with this problem. But every time we intro-

duce a measure in this house we are met with cries from the opposition that it will not do any good. They fail to relate the whole package. They take each individual effort, or part, and try to separate it from the complete economic program we are offering this country. They attempt to create fear in the minds of Canadians and to give the impression that Canada is going backwards instead of moving forward.

Recently in Windsor we saw a significant attitude displayed by the Liberal and C.C.F. parties in this country. I intend to quote, now, from a column which appeared in the Windsor daily *Star* of March 4, written by Mr. W. L. Clarke in which he said:

> Windsor has lost two big orders for transmission towers. The fabrication is to be done in Europe. The C.C.F. government of Saskatchewan passed up Windsor for one order.
>
> The Liberal government of New Brunswick passed up Windsor for the other order.
>
> As both the C.C.F. and Liberals have been harping on unemployment for months, it is surprising that they passed up these two golden opportunities to place manufacturing orders in Canada where Canadian workmen could do the fabrication.
>
> Perhaps they only like to talk about unemployment, but when they get a chance to do something to help, they turn the cold shoulder on Windsor and Canadians.

That is the attitude of the opposition, Mr. Chairman. That is the attitude of the people who sit on your immediate left. They attempt to sow in the minds of Canadians a fear that this country will go backward instead of forward.

An hon. Member: It is.

Mr. Thrasher: We are moving ahead, perhaps not at the rate all Canadians would like to see, and perhaps not at the rate that this government would like to see; but we are bringing in measures to deal with this situation and we shall continue to bring in measures which are suggested to this government as long as they are adaptable to the conditions which exist in this country.

May I say that the program of this government is the most massive program ever brought before a Canadian parliament to deal with the economic situation of this country. We are giving the type of leadership that is needed. I just mention in passing that my own university, Assumption University of Windsor, has an application before the central mortgage and housing corporation for a loan to make possible the construction of a new students' residence. That loan will be granted and it is another indication of what we are doing as a government to aid the economy of this country. It is also an example of what this government is doing to aid my own area, that is, the county of Essex.

Mr. Argue: Both the Minister of Labour and the parliamentary secretary have spoken of the government's massive attack on the unemployment problem. Yet every time statistics become available they show that unemployment is higher for the period in question than at any time since the end of the war. If this is the best the government can do, if this is its massive attack, then it is an admission of total and complete failure.

It is amazing to me that there should be so many references in this house to President Kennedy. From everything I have read and everything I have heard all Conservatives in this country have compared their party with the Republican party in the United States. As soon as the Democratic party comes into office with a new forward-looking president who at least has some ideas, they say, "Oh, we have switched horses. We are all for Kennedy and we are doing some of the things that he is talking about".

Mr. Hodgson: The Leader of the Opposition will not like your talking that way.

Mr. Argue: There has been a good deal of comment about the ethics of the Minister of Labour in revealing the circumstances of Mr. Exelby who appeared on this now very famous C.B.C. program. I do not condone any person going on public television to portray in any way a situation which is not in accordance with the facts. If that has been done, the gentleman in question has made a mistake and the C.B.C. with him has made a mistake. But even if those mistakes have been made, in my opinion that does not justify the Minister of Labour standing up in the house to smear the person in question, to smear the C.B.C., but more important than that, to bring into question the situation affecting 693,000 unemployed persons in Canada.

It actually matters not to the unemployment situation in Canada whether or not this program was aired. The fact is that all over this nation there are tens of thousands of homes in which there is real suffering, in which there is heartache; and this government hides behind an error of one person, if in fact it was an error. The Minister of Labour, as has been said so well already, has himself broken the law and contravened the statute, but this is not the first time this method has been resorted to. After all, when a number of cards came to hon. members of this house there was evidence—

Mr. Woolliams: Mr. Chairman, will the hon. member permit a question?

Mr. Argue: —brought to our attention that some of the people who had signed the cards had been brought into the unemployment insurance offices and a great deal of pressure had been applied to them. They found that

the kind of gruelling they were given was not very pleasant. When the minister had this matter brought to his attention in the house he made some very far-ranging and far-sweeping statements. He smeared well-known people in the labour movement that day, and when I asked him whether this matter would be referred to the industrial relations committee there was no reply.

Mr. Martin (Essex East): It never sits. It has a chairman, but it does not sit.

Mr. Argue: I suggest that this question should be referred to the industrial relations committee. I suggest that we call before the committee the trade union people in question and these loose-tongued employees of the national employment service. Let us get to the facts; let us bring the minister before the committee and let us confront him with the evidence that has been brought to our attention.

Mr. Martin (Essex East): Hear, hear.

Mr. Argue: This question is now more important than merely whether or not there has been some misrepresentation in certain matters. The present matter concerns whether or not confidential information in the hands of the government affecting the lives and happiness of Canadians may be disclosed at any time.

Surely our society has not reached the point where Canadians dare not give truthful and confidential information to government employees for fear that the minister may direct that this information be made available. In reply to this charge the parliamentary secretary said, "Look; we increased their salaries". I think that is entirely beside the point. Does an increase in salary mean that an employee, on instructions, must disclose information of a confidential character to be made public in the House of Commons?

Mr. Aiken: Mr. Chairman, would the hon. member permit a question?

Mr. Argue: When I sit down I will permit all the questions you wish to ask. This summer we are going to have a census in our country. There will be information requested of every Canadian citizen. If the Minister of Labour will disclose confidential information, what guarantee is there that the Minister of Trade and Commerce will not disclose confidential information of this type for political advantage?

I say that Canadians are not safe in reporting information to the government or information in the census inquiry just so long as any member of this government may disclose information of a confidential character. Where is the bill of rights? Where is the protection to ordinary Canadian citizens, when their private circumstances may be disclosed at any time by the Minister of Labour in the House of Commons and they have no opportunity to reply?

I suggest that this whole question regarding what took place at Galt should be brought before the industrial relations committee. Let us put on it the spotlight of a public inquiry, where one can hear the defence as well as the prosecution. The government's attitude to unemployment is apparently this. If the unemployment figures are high, they say, "We are making a massive attack to reduce unemployment and the main reason we cannot reduce it is because of what is said by the prophets of doom and gloom". Then they say, as a kind of last ditch argument, "Well, after all there are a lot of people who do not want to work. They have been forging names on cards. They have been offered employment, but they do not want to work".

How is it that so many Canadians became indolent and lazy during the time of this administration, when apparently there were so many less in this category a few years ago? If in 1956 the average unemployment was 200,000 persons, and we then heard no accusations that people were indolent, were sponging unemployment insurance and did not want to work, how is it that for last year the figure was up to 448,000? Does the minister say that 248,000 people are getting unemployment insurance in an illegal fashion?

We hear a great many excuses these days as to why there is so much unemployment. A few weeks ago the Minister of Finance said in this house that one of the reasons why there is so much trouble today with regard to unemployment is because of the wartime babies. He said there were too many wartime babies and they are now old enough to be on the labour market. He said, "We cannot deal with the love life of Canadians and the new citizens we have who are coming of working age. There were too many wartime babies". We asked why so many people are on the unemployment rolls. "Too many pregnant women drawing unemployment insurance who should not be receiving it". Some answer.

Everybody is responsible for the mess but the government, and it was this government that was going to clean up the mess; and there was a mess when the government came to office. The only trouble is that mess is bigger today and conditions are worse than they were before the government started this massive attack on unemployment.

The Minister of Labour and his parliamentary secretary apparently have the same scriptwriter. A lot of the same phraseology

appeared in the text of both statements. But they say that the government is on the job. The Minister of Labour said this afternoon, "We are constantly developing our understanding of unemployment and are obtaining a more effective utilization of our manpower resources through the work of the economics and research board".

There is more understanding and knowledge but less done with that understanding and knowledge, with more unemployment. Then the minister played an old record with an old theme. I heard the Minister of Labour speak to the Canadian Labour Congress delegation and thought he made a rather impressive speech. He outlined a lot of things that the government said it was doing but his conclusion bothered me. He said that the government had done its job and it is up to management and labour to carry on. We have asked him in the house if he has done anything to bring management and labour together; his answer was no. We have asked him in the house if he has made any recommendations to management and labour; his answer was no, the government has done all it is going to do and it is now up to management and labour.

The government said it wanted some ideas. It said it is making a massive attack on unemployment but would like more ideas. I can give the government more ideas. I mentioned over 25 points this afternoon which the Liberal party had suggested last year and most of them had to do with conferences bringing people together in talk fests. I can remember when the Prime Minister was in the opposition and every time the government made a mistake he suggested it call a conference—let us have another conference—and it had so many conferences that the leader of the opposition of that day became Prime Minister. We can have too many conferences. We need some action.

I would suggest that one of the things the government should do is change the financial policies of this country so that the interest rates are reduced. Just imagine that three quarters of a million Canadians are unemployed. The minister may say that they are indolent, he may say that they are lazy and do not want to work, he may say they are falsifying their evidence and making false statements on television but the statistical fact is that three quarters of a million people are unemployed and the provinces and municipalities are having to pay the highest interest rates they have paid in 20 years in floating their debentures.

We heard this evening that the main trouble is that the provinces are not doing their jobs. Let the government cut interest rates in half and the provinces will be able to do a much more effective job than they can do when the government is choking provincial economies and choking provincial governments with this fantastically high rates of interest. I would suggest that this is the time for expansion in the money supply. This is not a time for tight money and high interest rates.

Mr. Martin (Essex East): You are adopting our program.

Mr. Argue: I am not adopting your program at all. I am just saying that you were wrong when you were in government and the present government was wrong in opposition and that now they are just as wrong or perhaps worse in regard to interest rates than the Liberals were with their tight money policy. I would suggest that there should be a great national development program in which public money—the Liberals will never buy this one—should be invested in business and in industry. I would suggest that public money from the provinces be invested with federal moneys in a great national development program but the Liberals would not buy that program. That would be socialism and they do not want to have anything to do with socialism.

Mr. Pearson: We will not even talk about it.

Mr. Argue: After all, they have got Joey Smallwood and the leader of the Liberal party in Saskatchewan so they will never adopt a great public investment program.

An hon. Member: And you have got Tim Buck.

Mr. Argue: We are suggesting that this government should not be satisfied with embarking upon this one ribbon trans-Canada highway program that was started by the former administration. There should be a national highway program in this country and there should be public money invested in a main highway program in the provinces providing highways north and south. We suggest that the government should do something with the Clark report rather than allow it to sit on the shelf gathering dust.

An hon. Member: The government is studying that report.

Mr. Argue: The government is not studying it. The government has not opened it since it received it, or at least the Minister of Labour has not. He does not have a clue as to what it contains and has not told the Prime Minister what is in it. Nothing is being done in regard to the Clark report. It is just gathering dust.

We believe that there is a need for a portable pension system in Canada. We feel

this is something that should be embarked on at this time. I have in my hand a report regarding the number of C.N.R. pensions being paid at various levels, which I received in reply to a question I asked in the house some days ago. This report indicates that there are 4,800 pensions being paid in the category of $100 or less. It indicates there are 2,708 individuals receiving a basic pension of $25 a month. This is an area where suffering exists. This is an area where purchasing power should be increased. We need a portable pension system, and that kind of system would not be a great financial drain on the public treasury. That type of pension system could be actuarially sound; money paid in during younger working years and taken out on retirement.

Mr. Brunsden: Mr. Chairman, on a point of order.

The Chairman: Order.

Mr. Argue: I thought you wanted some suggestions.

Mr. Brunsden: We are asking for some intelligent suggestions. We are discussing the labour estimates. My hon. friend, who is so loquacious, introduced the subject of portable pensions and national development programs. I am wondering if he is in order in doing so.

Mr. Martin (Essex East): Mr. Chairman, I should like to speak to the point of order. The hon. member for Assiniboia has been outlining a program which in the main is a very acceptable one but it is a program of this party. The hon. member for Medicine Hat is now objecting to a contructive proposal being put forward. Surely that is not a point of order. I suggest that is the characteristic well-known effort of government members, interfering with constructive suggestions made in this house.

The Chairman: Order.

Mr. Argue: Mr. Chairman, may I speak to the point of order.

The Chairman: I think the hon. member for Assiniboia should speak to the point of order.

Mr. Argue: Mr. Chairman, I do not think that the Chair would rule that the discussion regarding a portable pension plan under item 1 of the Department of Labour estimates is not in order. However, the member for Essex East would have been more convincing had some of the hon. members of his party put forward suggestions in regard to these programs which he claims are those of his party.

Mr. Martin (Essex East): We have been doing just that for over three years.

Mr. Argue: Mr. Chairman, when these people are in opposition they have a program but when they were in government they did not have a clue. There is no doubt that this proposal is in order, but if it were not then it would be in order in reply to the challenge of the Minister of Labour and his parliamentary secretary when they asked for ideas. We have many ideas, Mr. Chairman, and we are now trying to give them to the government. We believe that they are good ideas. I feel it is a disgrace to Canada to have over 2,000 persons on C.N.R. pensions at a base of $25 per month, 747 persons with a pension of between $25.01 and $29.99. Surely this is a disgrace to the nation, to the government and to the Prime Minister who said he was going to do something about these very low pensions.

I would also suggest that the old age pension in Canada should be increased. People who live on $55 a month and pay rent, are suffering from malnutrition. Let us increase the old age pension to $75 a month. Our old people will not put the increase in a jam can, stick it under the bed and leave it there. They will go out and spend it, and they will buy some of the goods that could be produced in some of our idle factories.

Mr. Henderson: He's my boy.

Mr. Argue: I am glad the hon. member for Cariboo follows the practice of a former prime minister when he reached that age of accepting his cheque and cashing it.

Mr. Henderson: I will.

Mr. Argue: He will, but I suggest to him something that is very obvious. Most people who reach the age of 70 years and receive a pension of $55 a month do not have a supplementary allowance paid out of the national treasury of anywhere near the size of the allowance that is received by the hon. member, and I get the same amount less the $55. I am not casting any reflection on the hon. member whom I consider a good friend and who sometimes makes a pertinent contribution to the debates in this house.

I suggest that at this time the government should endeavour to put purchasing power into the pockets of our agricultural producers. Export the wheat surplus and you will start the farm implement factories in this country operating once again. Export the surplus of Canadian grain and you will put some of the unemployed automobile workers back to work producing automobiles and trucks. There is a need for more consumption of goods in our country. Two thirds of the people of the world need more goods. In the 1940's Canada waged a very successful war effort in a time of national crisis. We never want to see another

fighting war, but I would suggest that now is the time for the government to declare war on unemployment and poverty in Canada and come to the assistance of underdeveloped countries by producing some of the goods that our idle factory workers would like to have the opportunity to produce.

Before I take my seat I should like to quote the words of a very famous Conservative, the Right Hon. R. B. Bennett, who had this to say in a radio broadcast in January, 1935:

> I told you in 1931 I would end unemployment. That was a definite undertaking. By it I stand ... when I say I will correct the system, I mean that I will reform it. And when the system is reformed and in full operation again, there will be work for all. And in my mind, reform means government intervention. It means government control and regulation. It means the end of laissez faire. Reform heralds certain recovery.

I suggest that when the Prime Minister told the Canadian Labour Congress that come what may he was tied to the free enterprise system he admitted failure and until he starts putting into action these words which were given to the nation by a prime minister who was on his way out of office and which words were in fact a deathbed repentance, unemployment will be with us. We need a massive attack on unemployment. We submit the government has not yet started that attack.

Mr. Churchill: Will the hon. member permit a question? He said he will accept questions at the conclusion of his speech. May I ask him now to give the page reference in *Hansard* of his statement that the Minister of Finance said that there were too many wartime babies?

Mr. Argue: The Minister of Finance did not say that. I can look it up and if the minister will give me a few minutes I will be glad to do it, and I shall quote it to him. The Minister of Finance said that one of the reasons the government was having a difficult time achieving a full employment economy was the high birth rate during the war. If the hon. gentleman will read the remarks carefully he will find this in the speech.

Mr. Churchill: On a point of order, I have the remarks in front of me. They appear on page 1001 of *Hansard*, at the bottom of the first column. The Minister of Finance made this statement:

> However, the growth of our labour force is now more directly attributable to the coming of age, from an employment point of view at least, of the large number of babies who were born in Canada during and immediately after the war.

He said nothing about there being too many wartime babies. The hon. member for Assiniboia was quite incorrect in his statement.

Mr. Argue: No. He said that this was the reason unemployment was so high and he could not do anything about it.

[Mr. Argue.]

Mr. Churchill: He said nothing about the problem being so big at all. There is nothing there relating to the problem of unemployment.

Mr. Argue: Except there were too many people coming of employment age and the government could not do anything about employment.

Mr. Baldwin: Is the hon. member's description of the statement made by the Minister of Labour this afternoon in connection with Mr. Exelby based on a completely erroneous interpretation of the law by the hon. member for Bonavista-Twillingate or did he himself come to that conclusion on his own?

Mr. Argue: It is based on my own knowledge of public statutes and on a long experience in the House of Commons, much longer than that of the hon. member for Bonavista-Twillingate.

Mr. Macdonnell: Will the hon. member permit a further question? Does he think that we should look to Saskatchewan for proof that it is desirable for the government to go into competition with private business?

Mr. Argue: I think the Saskatchewan government has made a wonderful success of its crown corporations.

Mr. Woolliams: Oh, oh.

Mr. Argue: All that I know of. The Conservative party and the Liberal party in the province say, "If we get elected to office we will not touch them, we will leave them alone". They have been paying a return on investment in excess of 10 per cent, and my hon. friend from Greenwood would agree that that is a reasonable and satisfactory return.

Mr. Rapp: Mr. Chairman, I am very pleased to be given this opportunity to take part in the debate on the estimates of the Department of Labour. My interest in this debate is precipitated by the remarks of some hon. members in the opposition, who state that our serious unemployment situation is unbearable in this country. But let me say right at the start that I am not minimizing the unemployment situation, far from it. I am just as much concerned as anybody else. Not one of us in the house enjoys the thought of men and women able and willing to work and unable to find it. At the same time, the cause of the unemployed people is not going to be helped when the impression is given in the country of a collapsing economy and blue ruin is shouted both here and abroad. Such far fetched distortions of gloom and doom undermine public confidence in our country and abroad.

To substantiate what I have just said let me give the committee an example. The other day I read a story in the *Carillon News*, Steinbach, Manitoba, of Friday, February 10, 1961, about a grateful refugee lady from Russia who secured permission to leave Russia just about two or three weeks ago after trying unsuccessfully for about 15 years. This story went on to say that she was on her way to Vancouver when she met another lady on the plane "Britannia", which took her to her destination. This lady from Steinbach, Manitoba, was able to speak her own language and conversation ensued. The refugee lady told the Steinbach lady her life story and how it came about that she was now in Canada.

But this is not what I wanted to tell you, Mr. Chairman. What struck me most in this story was what the refugee lady from Russia had heard about Canada while still in Russia. She told the Steinbach lady that she had heard so much propaganda about the terrible unemployment in Canada that she was astonished and amazed at the evidence of prosperity everywhere in Canada. She was particularly struck by the difference between the Russian plane that brought her to Amsterdam and the Canadian plane that brought her the rest of the way, and was particularly pleased with the good food and excellent service on the Canadian plane. She said that everything looked so nice and clean and tidy in Canada in comparison with Moscow.

This story from Russia about the terrible unemployment in Canada comes from a country where the people have very little chance to get the real facts about Canada. They have no opportunity of reading our Canadian newspapers or magazines or of visiting our country to see for themselves the terrible unemployment in Canada. This one-sided propaganda emanating from Russia can certainly give an untrue picture of Canada to the Russian people in their homeland.

But, Mr. Chairman, this story about our terrible unemployment not only comes out of Russia. One can hear similar stories that emanate from other foreign countries about our terrible unemployment. Our own Prime Minister while visiting Ireland on his way to the conference in London was asked whether it was true that Canada's unemployment situation was so terribly serious. Yes, you can read these stories in our own press and you can hear them from the mouths of our own people, some of them, I must say, in very responsible positions. And, above all, you can hear about our terrible unemployment in the House of Commons of Canada.

We are all aware of our seasonal unemployment situation. We know there are more Canadians out of work than any of us like to see and it is entirely proper that we should know about the situation and the reason for it. On the other hand, let us keep the record straight. How many Canadians, for instance, know that there is a labour force of 6,396,000 now in Canada, the highest in our history? It is 3.1 per cent higher than a year ago. How many know that in the last five years alone 800,000 people have been added to the working force? So much has been said about the rise of 165,000 in unemployed in January of this year but has anybody said that the employment figure in January was 47,000 higher than a year earlier? Has anybody said that 250,000 more Canadians have jobs today than at the same time three years ago or that more than 70 per cent of those without jobs have been unemployed less than three months, or that 60 per cent of the jobless come from families where one or more persons are still working?

Who would seriously deny the fact that there is much less hardship in being temporarily out of a job in these days of unemployment insurance than was the case 25 years ago? I can speak from personal experience because during the winter months at that time I had to work for board only and had to take care of my family at the same time. I am not citing these figures and facts in order to minimize the problem but they are relevant and significant facts and figures and they do make nonsense of the grossly misleading comparisons being made with the dirty 30's.

So, then, let us be clear on this point. If it is a serious problem, let us do something about it. Let us not only point a finger at the federal government and claim that unemployment is solely its responsibility and that the federal government should employ all those who are out of work. Let me tell you, Mr. Chairman, that all governments combined, federal, provincial and municipal, can only provide a very small portion of the jobs needed to keep our people employed. The great majority of jobs must be provided by industry engaged in the production of products that people will buy.

We must also realize that if we are to continue to have high employment in Canada we can only do so by industry producing products which will be competitive and will sell against competition. This is something which is clearly understood by the peoples of European and Asian countries and this is the reason why these countries are today our toughest competitors. If you ask them how they are able to do this, their answer is co-operation, co-operation between management and labour to bring about better design, higher quality and lower costs.

I must give them credit for that. These people are realists and they have always known that if a product is not competitive it will not sell and people will not be employed producing it. It is evident that such a result is not brought about by chance but by a planned effort by management and labour. Both these groups realize that by working separately they can accomplish very little whereas by working together they can accomplish a great deal. These countries are setting us an example which we would do well to adopt here in Canada.

Yes, Mr. Chairman, I believe that this co-operation can only be brought about by heads of companies inviting union representatives to study what is needed to increase sales, to make products more competitive and to work out co-operative plans to bring about increases in sales. If this co-operative planning and production were not possible to achieve in the past, it is high time that management and union leaders got together now. In an industrial world that is more competitive every day management, labour and government must work together as a team and, as a team, they can accomplish much.

Yes, Mr. Chairman, to provide employment we must produce goods either of better quality at the same price or of equal quality at a lower price than our competitors. Only then can we export our Canadian goods abroad and also sell Canadian-made goods in the home market at competitive prices. If we cannot compete effectively in export markets and if we cannot cope successfully with growing competition from imports in our own domestic markets, then I must say most regretfully that unemployment will stay with us for a long time.

Let us wake up to these facts and let us remember that the world does not owe us a living. We have to mould our own destiny and the sooner we realize this the better off we will be. Let us also remind ourselves that Canadians in the past have withstood many trials and tribulations but only when they were united in their efforts to overcome hardship and disaster. Let us never forget this.

We Canadians should not fail now when unemployment conditions are unavoidable and the government, with the best intentions in the world, cannot correct the situation immediately and consequently must rely on long range legislation to alleviate the unemployment situation.

The question is being asked, what is the government doing to help create work and combat unemployment? The answer to this, I would say, is that vigorous measures for combatting unemployment have already been implemented by the government. The winter works program is one. The Minister of Labour described the response to the government winter works program for immediate employment as phenomenal in all respects, but he also said that he did not regard this type of work as the final cure for the economy or for the problem of unemployment.

This new Bill No. C-49, an act respecting technical and vocational training assistance to provinces, introduced by the minister, is another important piece of legislation. It has been heralded by many as a timely step taken by this government to increase technical training, combat unemployment and foster national development. Canada has never had sufficient trained manpower to meet the needs of industry. In the past, this country has relied on immigration to meet the need for trained manpower. The demand for skilled and technical workers is increasing far more rapidly than employment generally. The fastest growing occupations are those that require a high level of training. These are the occupations that are being pushed to the fore by rapid technological changes.

There are two kinds of training jobs to be done. First, we must train those already in the labour market who have left the regular school system, and are now unemployed, and second, we must provide more training for those now in school to ensure that the ranks of the unemployed will not be increased in the future. This bill indeed merits commendation. It provides for a program of education that could be characterized as a co-operative program with the provinces. It is designed for the immediate present and also for the future.

This government also introduced Bill No. C-52, an act for the establishment of a national productivity council. The Prime Minister made the suggestion at a conference on unemployment held in Ottawa in October last that a productivity council should be established. This specific proposal, which outlined the need for such a council and the function it might undertake, was accepted by leaders from commerce, industry, labour, finance and education. It has now become law and members of the council have already been appointed. In making this proposal, the Prime Minister stressed the need for full and active participation of Canadians in all sectors of the economy.

At a time when markets at home and abroad are becoming increasingly competitive, it is essential that Canadian industry be as efficient as possible. The national council should act as a policy making body and should assist in the establishment of regional and industrial productivity committees. In view of the progress made by other countries in the field of productivity, Canada cannot ignore this field of endeavour. As in other

countries where these councils have been so successfully used, Canada can achieve equally successful results if governments, management and labour co-operate fully to make Canadian products competitive in both quality and price.

Another thing that I should like to mention is the export trade promotion conference. Our trade commissioners from the 49 countries in which we have posts were called home so that they could advise our producers about the possibilities of selling their products in the various countries. Some 1,268 companies requested more than 10,500 interviews during the two-week period. It is too early to say what the conference accomplished, but we know that it enabled businessmen to gain information which it would have taken months of travel and an expenditure of thousands of dollars to acquire. It also convinced them that there is a market for their products abroad and that there is a far wider opportunity for selling their products in the countries of the world. These are some of the things the government is doing.

In conclusion, I should like to say that gloom should not pervade our spirits, even though we have many obstacles to overcome. With the co-operation of all governments, federal, provincial and municipal, as well as the people of our country, we should be able to overcome these temporary problems and build a better Canada for the benefit of all citizens of our country. Surely no one in this committee would deny the fact that this government, and in particular the Minister of Labour, is working toward this goal. If anyone questions this let him look at the minister's record over the last years and also at the record of this government since 1957.

Miss LaMarsh: Mr. Chairman, the debate this afternoon has been a most interesting one since it seems to have centred around a most peculiar point, that is the attempt by the Minister of Labour and those who sit on his side to take unto themselves the democratic President of the United States. There has been an attempt also by the hon. member for Assiniboia to take unto himself the mantle of the democrats in the United States. We in the Liberal party, Mr. Chairman, know with whom there has been a traditional alignment of the party to which the President of the United States belongs. I suggest to hon. members of this committee that they might consider the fact that hon. members opposite are led by a man whose name was not known and could not even be pronounced by the president prior to their first meeting.

This leader of the C.C.F. who, it seems, stands again for socialism, although the party to which he has long adhered has already expired—a party which has had to deny socialism in order to elect the most intelligent and interesting young member from Peterborough—

An hon. Member: They are going steady now.

Mr. Hellyer: His face is pink.

Miss LaMarsh: His face shows the colour to which he should properly adhere, the colour of all true radicals, namely red.

I consider, Mr. Chairman, that in debating the first item of the minister's estimates we should concern ourselves with what has been happening in Canada and not with the minister's attempts to mislead the people about what this government has been doing. He said this afternoon that unemployment is something which can be licked only by a massive attack. I suggest to hon. members of this committee that the sort of "no-cal diet" to which the government has been subjecting the people is not, by any definition, a massive attack.

Perhaps one indication of this massive attack is that panacea which was introduced last Friday by the Minister of Labour, double depreciation. The Leader of the Opposition referred to an editorial which appeared in a newspaper not noted for its support of the official opposition in this house. Some good points are made in this editorial and, oddly enough, some of them were touched upon by the hon. member for Port Arthur, who occasionally makes a remark worth listening to. On Your Honour's right are the hon. members who traditionally represent big business. However, through their spokesman, the Minister of Labour, they have shown a most abysmal ignorance of any kind of business, large or small, by attempting to say that this part of their massive attack, double depreciation, will in any way assist areas which need assistance.

Perhaps one of the things that is necessary is for hon. members of this committee to come to some agreement on the definition of terms. In my few short months in this chamber I have found it incredible that there was no agreement as to the meaning of words. One of the rather astonishing things, of course, was the speech from the throne in which the Prime Minister, through the Queen's representative, very carefully escaped using the word "unemployment". He carefully avoided using this until such time as he appeared on a television program and not before this house. Suddenly he decided that unemployment had made itself felt in the land and it was time he took his head from whatever snow bank it was hiding until the

snow melted and the unemployment went away; and decided he had better at least acknowledge the word.

If hon. members opposite wish to say that they follow Kennedy I should like to draw their attention to an article which appeared in the New York *Herald Tribune* entitled: "Kennedy Spells it Out—and it Reads 'Recession'". There must be some things about which hon. members agree with the president of our good neighbours to the south but this apparently has not been one until they found he had the moral courage to come before the people and say: hold on, there is danger in the land; it must be dealt with now and over a continuing period.

I think that neither the Minister of Labour nor his colleagues on the front bench dared say there was trouble. I suggest that the Minister of Labour has a special responsibility to be candid with this house and with the country, to admit that there is a problem; it is also his responsibility, because of his ministry, once the problem begins, to initiate immediately not only short range but long term panaceas or answers, for it is his responsibility to look after the people of Canada. Well, when a minister is not permitted even to acknowledge that there is a problem perhaps it is small wonder that he cannot begin to do anything about it. But when he suggests that there has been a massive attack exemplified by this measure of double depreciation for one year, anyone who knows business knows that no industry can even find a site within a period of one year, much less amass its capital, survey the labour force which would be available and make its other necessary arrangements. Who would want to start a canning factory where the labour pool would be asparagus cutters?

Many matters must be taken into consideration before a new plant is constructed, and I suggest to the Minister of Labour that if he is really interested in using this gimmick it should not be limited to new plants entering an area which is already one of surplus labour but it should be allowed to be used, if it is worth anything, by plants which are already in that area but which have closed for one reason or another. In their modernization, in their capital expansion, in their assistance in a number of ways, real help could be given to a particular area which has suffered from chronic unemployment.

We have been worrying about words from time to time. We hear words such as "rolling readjustment" which have finally come to "a recession". We hear words such as "depressed area", "distressed area" and "area of surplus labour". It may be that men and women of good faith do not understand the same things by the same words, but I suggest to the government and particularly to the Minister of Labour that it is a simple thing to spell out exactly what is meant by an area which needs government assistance.

The Minister of Labour has only produced a gimmick which will be of assistance to areas which are so deflated, so flattened already, as almost to have passed out of existence as far as the general economy is concerned. There are in Canada a great many other areas which are in trouble, yet which are not so depressed or so distressed or so flattened as to entitle them to qualify under this niggardly definition, these niggardly criteria placed before us by the minister. Such areas in Canada cry out for assistance.

This problem is not a new one. The Leader of the Official Opposition gave figures this afternoon showing that there have been four recessions, each increasingly severe, from each of which we have made a poor recovery in the past five or six years. This is a problem which cannot be dealt with by nit-picking. Just a few years ago hon. gentlemen opposite were supposed to have a particular and sole advantage in dealing with this subject. Theirs was the vision, and I ask them now; where has it disappeared? The people of this country look to them because they made some of the most glowing promises ever made to an electorate; and they have sold out the people of this country. They have not attempted to deal with this problem in any way.

They have not attempted anything, but whatever attempts are made—and it may be they will be made by another administration which will take power at the next election—this problem is one which is going to take a long time to solve. First, one must acknowledge its existence, and, second, one must start to work on it, and I suggest that one of the greatest responsibilities of this government is to get down to a massive assault. This is a problem which it is said, probably arises from too many babies, and from my experience of hon. members of this house they have nothing against babies almost until the age of twenty one. This may be part of the reason, but there are a number of other factors represented by a number of studies, some undertaken in the United States and some undertaken through the sittings in the other place. This problem requires an attack from all sides and one which will be long drawn out. It requires the kind of attack, the kind of study, perhaps, first, which was made at the behest of the President of the United States, one which deals with a two-prong matter, short term and long term proposals.

An hon. Member: Would the hon. lady permit a question?

Miss LaMarsh: I would be very pleased to at the conclusion of my remarks. The report which was made was one of great length and if the Minister of Labour has not seen it I shall be glad to lend him my own copy. He has been asking the house for ideas.

We are grateful to the hon. member for Assiniboia for putting forth Liberal ideas. We are grateful that he has finally seen the light after sitting in the house and listening to the hon. member for Essex East, the hon. member for Laurier and the Leader of the Opposition for a year, for two years, for three years, telling those hon. members who are sitting to the right of the chairman what should be done and hearing the answer that nothing is ever told you.

I should like to offer the Minister of Labour the report which was made for the President of the United States. This report deals with a great many things, beginning with the most immediate sort of aid to those who are unemployed. I have no means of knowing whether this television program was another divertissment or whether it was intended to be factual. Perhaps it is not even important enough to concern hon. members of this committee. The reason that lies behind it is one which causes disquiet to every Canadian, regardless of his political affiliation.

There are those in this country who are in need of food. They are not, we can all thank our Maker, in the ascendancy. I suggest this is because of certain measures which have been in force for longer than the four years for which this administration is responsible. They are the measures which have kept people from starvation. However, there are those who need food. In this country there are great surpluses of food. The Minister of Agriculture is always trying to give away these surpluses. I saw today that they were giving away some of the surplus to a very well respected young visitor from the minister's own province, who was here for education week.

We want to use our food, and particularly we want to use it for those who are in need. One of the proposals made was that food be made available, on a proper nutritional basis, to those who needed it. Another thing which is necessary is housing. Arrangements have been made in the United States with respect to long term mortgages, a reduction of interest rates and a number of measures which will put housing within the reach of those persons still employed.

There are page after page of proposals to assist in the reconstruction of industry, in its automation and in relocation of industry in the United States. One of the things which is possible in the United States is the direction of defence contracts. In the last few years there have not been too many defence contracts coming into Canada. However, there are some. The Minister of Labour may remember promising at least one to my riding not long ago. That is another promise in regard to which he has yet to make good. This is a way in which certain areas that are suffering to some degree, particularly industries, can be assisted.

The government has available to it all the experts who can tell them what industries and what areas require a shot in the arm. Not only is the government in a position to do this, but it is its real responsibility. Too many hon. members opposite appear to think that to be elected once or twice is enough. They appear to think that in the achieving of office they have done all that is necessary. May I suggest to the Minister of Labour and his colleagues that it is necessary not just to achieve office but to do something once you have arrived there.

Ideas to deal with unemployment have been placed before this house. I have seen them and I have referred to them a number of times. Suggestions were made in this connection on March 3 and 4, 1960 by the hon. member for Essex East. Earlier this session, on December 19, as reported at page 953 of *Hansard*, the hon. member for Laurier detailed what was being done in other countries of the world, such as Belgium, Germany, Sweden and Great Britain. But the minister has not seen fit to adopt these ideas. Not only in this house, but across this country otherwise hon. members have been saying that there have been no positive suggestions from the opposition. I suggest that if the Minister of Labour is incapable of remembering from day to day what has been suggested, a collection will be taken up on this side of the committee and a list will be printed and placed before him daily so that he will not forget them.

In January of this year there was a great meeting in Ottawa the like of which it is not expected will be seen even this month. Here the people of Canada, through their representatives, put forward certain proposals. These proposals were of many kinds, dealing with many of the problems which lie before the Canadian people.

I had the honour to serve on one committee which dealt with some of the problems of unemployment. We passed a resolution which I realize hon. gentlemen opposite cannot have seen, since they are not liberally-minded Canadians. Therefore, I place on the record what the party I represent has declared it stands for in the matter of dealing with depressed areas.

It was said in that committee that a new Liberal government today would co-operate

with provinces and municipalities in providing tax incentives to encourage industries to locate in such depressed areas. It would see that more credit was available to business in these areas. It would help to finance power, transport and other basic economic developments. Through programs for urban and rural rehabilitation it would see that both credit for private business and money for public improvement was readily available. I commend these things to the Minister of Labour.

There was, in addition, a resolution to deal with accelerated depreciation, but of a kind not contemplated by this government. The resolution was to the effect that a new Liberal government today would use the proven types of accelerated depreciation in order to help all business firms, not just new ones locating in an area, that are eager to expand and to put in new equipment. Such enterprises would thus, at a time when they most need cash, be paying lower taxes than firms that stand still.

The Minister of Labour said both today and in a speech he made to the advertising and sales club in Montreal on February 22 last that things are being done by this government, and they are things which have been followed in the country to the south. I refer to a remark made by the Minister of Labour during the speech to which I have just referred when he pointed out that the measures now proposed by President Kennedy were gratifying to the government in that they followed pretty well along the lines of what it had been doing in dealing with a very similar set of problems.

I wonder whether the Minister of Labour can tell us at what time he or other hon. members of his government forwarded to the President of the United States the intelligence necessary for him to take over leadership in the United States and the free world with such dizzy speed. The Minister of Labour also told us in this and other speeches that it is only necessary to wait until the massive program of this government has had an opportunity to make itself felt on the body politic.

I say to the Minister of Labour that the country cannot stand any more of the effects of the last three years. If this government is not now prepared to be candid, to be frank and to make a real effort to get this country moving, there is the great possibility that when the people of Canada have the opportunity to say whether or not they are satisfied with this government it will be too late for those of us who have ideas and are prepared to put them into effect to do anything.

Mr. Fisher: Call for an election.

[Miss LaMarsh.]

Miss LaMarsh: An hon. member to my right says "Call for an election". I notice that this is the hon. member who has said on a number of occasions that he will not be standing when there is another election.

Mr. Hellyer: The question is, will he be sitting afterwards.

Mr. Benidickson: Even if he stands he will not sit.

The Chairman: Order.

Miss LaMarsh: There are those of us, Mr. Chairman, of the official and effective opposition who will be standing but not to Your Honour's left following the next election.

That which has been done by the Minister of Labour is something rather shocking to this committee. The Leader of the Opposition today posed question after question to the Minister of Labour, who sat only a few feet from him, and the minister made perhaps the weakest statement ever heard in such a debate. He countered these questions today with an ordinary routine speech about an ordinary routine department with no sense of urgency and with no realization of crisis in the country. The Minister of Labour may be content in his job and prepared to accept that the underbrush is being cleared, and that the massive program is sufficient to restore Canada's unemployed to full employment, but those of us who sit on this side are not prepared to sit silently while nothing is being done. Whenever, over the years, anyone rose on this side of the house to speak of the increasing unemployment figures it was not for political advantage.

Some hon. Members: Oh, oh.

Miss LaMarsh: I call the hon. members' attention to the numbers of members present in the committee of the number there might possibly be, and to the advantage that they might take in this chamber. This situation is impressed upon us because the members of the government appear not to notice or to care what is happening in the country.

Mr. Benidickson: Where there is no vision the people perish.

Miss LaMarsh: The only answer given to the country by the government was that we are glooming and dooming. We heard this again this evening from the hon. member who preceded me. Mr. Chairman, if glooming and dooming would put Canadians back to work those of us in the opposition would stoop to it. If what the government is trying to indicate to the people of Canada is that we are attempting to make them afraid and uncertain, that is not correct. We speak here in this chamber to those who at least temporarily

have the responsibility of doing something about it. I suppose that next they will adopt the famous remark of another democrat, Franklin Delano Roosevelt, who said to his people in the thirties, "We have nothing to fear but fear itself".

I would hope that as yet the Canadian economy has not been allowed in the last four years to slip so far that it cannot be recovered. If it has then we have considerably more to fear than fear itself. Those hon. members who sit opposite have a responsibility to the people and a responsibility which will not wait. I would suggest that rather than hon. members on the front bench travelling throughout this country making speeches and suggesting that the success of that administration to the south may be laid only to the fact that it has adopted the program existing in Canada, they should be here in this committee dealing with this massive attack of which they have so often spoken. If this cannot be done—

The Chairman: Order. I am sorry to interrupt the hon. member but her time has expired.

Mr. McGee: I was wondering if the hon. member's enthusiastic embrace of President Kennedy's administration referred to the 50 per cent tariff increase on bicycles about ten days ago, and if she does not find this a little inconsistent with some of the suggestions made by hon. members in the front benches?

Miss LaMarsh: It may be that it is part of this massive attack to which the hon. members on the opposite side have referred so often in this house.

Mr. Pickersgill: I should like to ask the Minister of Labour if it is true that a member of the national employment service took part in the television program about which he claims there has been so much complaint.

The Chairman: Order.

Mr. Starr: No one has complained about the program and it is true that national employment service persons took part in this program. All I have done is attempt to give additional facts in order to keep the record straight.

The Chairman: Order.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire what the business of the house is for tomorrow, and perhaps the house leader would also indicate what is planned for Monday and Tuesday of next week.

Mr. Churchill: Mr. Speaker, tomorrow by general agreement we will start with the debate on Bill No. C-71, an act respecting the civil service of Canada. I understand that there will only be two or three members speaking on that occasion. This bill will then go to a special committee to be studied there and then come back to the house to be studied in the committee of the whole. If it is agreeable to the house, and that debate is concluded in good time, we will follow it with the motion of the Minister of Finance to set up the special committee to consider that bill. We will then carry on with the estimates of the Department of Labour.

The forecast for next week, subject to change if unexpected circumstances require, is as follows. Monday will be private members' day. Tuesday we would like to consider item No. 2 on today's order paper, second reading of Bill No. C-51, an act to amend the Coastal Fisheries Protection Act, and then take item No. 9 on today's order paper which is my resolution dealing with the Army Benevolent Fund Act. The third item on Tuesday would be item No. 14 on today's order paper which is the motion in the name of the Minister of Agriculture, asking the standing committee on agriculture to inquire into the prices of farm machinery. Then, item No. 4 on Tuesday would be item No. 8 on today's order paper, the resolution in the name of the Minister of Labour dealing with the vocational rehabilitation of disabled persons.

On Wednesday we would commence with Bill No. C-73, to amend the Income Tax Act. Should that be completed, we would then follow with item No. 12 on today's order paper, the resolution in the name of the Minister of Agriculture dealing with agricultural development.

Thursday's business would be a continuation of the items that I have called for Wednesday. If they are finished the remainder of the time on Thursday and on Friday would be devoted to the estimates of the Department of Agriculture.

Mr. Benidickson: May I just make the record clear? Regardless of the completion of the business as outlined for Tuesday, would we start with the income tax amendments on Wednesday?

Mr. Churchill: Yes.

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

HOUSE OF COMMONS

Friday, March 10, 1961

The house met at 11 a.m.

PRIVILEGE

MR. FLEMING (EGLINTON)—REFERENCE TO REMARKS IN DEBATE ON MARCH 9

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I rise on a question of privilege. Last evening when I was not in the house the hon. member for Assiniboia made certain statements which I think reflect on me. They are to be found on pages 2841 and 2844 of *Hansard,* and I read them:

A few weeks ago the Minister of Finance said in this house that one of the reasons why there is so much trouble today with regard to unemployment is because of the wartime babies. He said there were too many wartime babies and they are now old enough to be on the labour market. He said, "We cannot deal with the love life of Canadians and the new citizens we have who are coming of working age. There were too many wartime babies." We asked why so many people are on the unemployment rolls. "Too many pregnant women drawing unemployment insurance who should not be receiving it." Some answer.

That is on page 2841. On page 2844 the hon. member said further:

The Minister of Finance said that one of the reasons the government was having a difficult time achieving a full employment economy was the high birth rate during the war. If the hon. gentleman will read the remarks carefully he will find this in the speech.

And further, speaking of myself the hon. member said:

He said that this was the reason unemployment was so high and he could not do anything about it.

And again:

Except there were too many people coming of employment age and the government could not do anything about employment.

The remarks attributed to me, Mr. Speaker, have never been uttered by me. What I did say on this subject is a matter of record in the house and could have been quoted precisely from the record by any hon. member wishing to refer to my remarks in their proper context. They are to be found on page 1001 of *Hansard* and read as follows:

... the growth of our labour force is now more directly attributable to the coming of age, from an employment point of view at least, of the large number of babies who were born in Canada during and immediately after the war.

You will observe, Mr. Speaker, that the remarks attributed to me by the hon. member for Assiniboia bear no resemblance whatever to what I actually did say, and the best that can be said for his remarks is that they are an irresponsible distortion of what I said.

MR. STARR—REFERENCE TO REMARKS IN DEBATE ON MARCH 9

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I rise on a question of privilege.

Mr. Martin (Essex East): We have a very sensitive government this morning.

Mr. Starr: I rise at this time because of remarks made by the hon. member for Bonavista-Twillingate. I did not rise last night, Mr. Speaker, because I wished to study the statements of the hon. member in the report of the proceedings.

Mr. Speaker: I wonder whether the minister has given sufficient reason for deferring his objection. After all, he was in the house last night when the remarks about which he now wishes to complain were made, and I am very sceptical about the desirability of a practice which allows members to go back and pick up what has been said and debate the matter. The Minister of Finance was not in the house and in such circumstances where there is a real injustice or cause of complaint I have not objected to the matter being raised as a delayed complaint.

The rule is clear, however, that a point of order or privilege must be taken at the time it arises. If the Minister of Labour feels that there is any exceptional circumstance which takes him out of the rule I will hear him, but I would hope he would not want to establish a practice which, to my mind, would be very harmful to the proper conduct of the business of the house.

Mr. Starr: I always have great respect for the rules of the house, and I shall abide by your ruling.

EXTERNAL AFFAIRS

APPOINTMENT OF AMBASSADOR TO CERTAIN CENTRAL AMERICAN REPUBLICS

Hon. Howard C. Green (Secretary of State for External Affairs): On January 20 I informed the house that the Canadian government and the governments of the republics of Costa Rica, Honduras, Nicaragua and Panama had decided to establish diplomatic

relations. I now wish to announce the appointment of Mr. Jean-Louis Delisle as ambassador of Canada to these four Central American republics. Mr. Delisle will normally reside in Costa Rica but will pay regular visits to the other three countries to which he is accredited. The Canadian embassy in Costa Rica will be opened next week under a chargé d'affaires ad interim, pending Mr. Delisle's arrival in May. Arrangements are being made for reciprocal representation of the four republics in Ottawa.

Mr. Delisle, a native of Quebec city, is a career foreign service officer who has served Canada with distinction at home and abroad for nearly 20 years. He is a graduate in law from Laval University and holds a degree from Oxford, where he was a Rhodes scholar in 1939. Since joining the Department of External Affairs in 1942 he has served in Rio de Janeiro, Boston, and Warsaw, where he was chargé d'affaires from 1954 until 1957. In the following year he served as a member of the United Nations commission in Togoland which paved the way for that country's independence in 1960. Subsequently he served as head of the legal division of the Department of External Affairs and since September 1959 has been counsellor in charge of press and cultural relations at the Canadian embassy in Paris.

Central America has been until now one of the areas in which Canada was seriously under-represented, mainly because of the heavy demands that have been made on a growing foreign service in other parts of the world. The government's decision to expand Canada's relations with that area is a further step in a policy of fostering closer economic, political and cultural ties with Latin America as a whole.

Hon. Paul Martin (Essex East): This further announcement indicates the expansion of Canada's diplomatic missions in Latin America. The minister does not say whether or not this appointment and the opening of the new mission is part of the government's policy of giving further consideration to membership in the organization of American states. On some other occasion, if not today, I would hope the minister might also deal with a matter to which he referred last session having to do with the opening of another mission, namely in Iraq in the Middle East.

Mr. H. W. Herridge (Kootenay West): The announcement by the Secretary of State for External Affairs of this increase in the representation to South American countries will, without a doubt, increase the understanding between the nations concerned. We are, therefore, gratified to hear of the appointment of such able and experienced personnel.

[Mr. Green.]

LABOUR CONDITIONS

GLEN EXELBY—EMPLOYMENT SERVICE CO-OPERATION IN C.B.C. PROGRAM "CLOSE-UP"

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Labour and ask him how long he had known that the national employment service was co-operating in the production of the program "Close-Up" featuring the Exelbys before he made his statement in the house?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I did not know about this program until the evening when it was produced and I saw it.

Mr. Chevrier: I have a supplementary question. May I ask the minister whether the officers who co-operated in the program had read the whole script?

Mr. Starr: That I do not know, Mr. Speaker.

Mr. Chevrier: Will the minister inquire and tell the house.

Mr. Starr: I shall be glad to inquire.

Hon. Paul Martin (Essex East): I should like to ask a question of the Minister of Labour. Has his attention been directed to a statement in a story in yesterday's Toronto *Telegram* by Mr. Peter Dempson in which the following appears—

Mr. Speaker: Order. The hon. member may have a proper question, but before he reads any factual material on which to base his question I think he ought to indicate something more than what he began with, namely "Has the minister's attention been directed to?" because that gives no lead at all.

Mr. Martin (Essex East): In view of the statement made by the Minister of Labour the other day with regard to Mr. Exelby, will the minister now correct the great injustice he has done to Mr. Exelby?

Some hon. Members: Oh, oh.

Mr. Aiken: Mr. Speaker, I rise on a point of order. The hon. member for Essex East is again trying to make statements, smuggling them into the record in the guise of asking a question. He has done nothing more than make a statement.

Mr. Speaker: I think the hon. member's point of order is well taken. As I recall the phraseology, the hon. member for Essex East has made an assertion that the minister has done a great injustice to Mr. Exelby. He

knows that the question period is used for the purpose of obtaining information, not for making debating points.

Mr. Martin (Essex East): Mr. Speaker, I simply want to point out to you that the Minister of Labour the other day used the orders of the day in order to make—

Mr. Speaker: Order. If the hon. member had any complaint on that score he should have made it when the event took place. If there was a point of order involved in the statement made by the Minister of Labour in reply to a question, the appropriate time to complain about it was then. It is too late now for the hon. member to make that sort of statement about it.

Mr. Martin (Essex East): With great respect, Mr. Speaker, may I say that I did not know until about an hour ago what the facts were. My point is that the Minister of Labour on the orders of the day attacked an individual—

Mr. Speaker: Order. I have indicated to the hon. member what the limitations are with respect to commenting on the minister's statement of yesterday. If the hon. member has a question to ask the minister it would be in order to ask that question, but not to make an argument such as he was attempting to do, nor to comment on the previous answer.

Mr. Martin (Essex East): I am prepared to put my question, but I was dealing with the point of order and, with great respect, to the observation of Your Honour. I was simply indicating that until a short time ago I did not have any justification, as I now have in my hand, for the statement I made that the Minister of Labour—

Some hon. Members: Order.

Mr. Speaker: Order. I appreciate that the hon. member is entitled to make that comment with respect to the point of order, but in my view it does not alter the circumstance. Although additional information has come to the hon. member's knowledge, he was in the house when the statement was made—

An hon. Member: He was not.

Mr. Hodgson: How much has the Liberal party paid him?

Mr. Speaker: I am not sure whether or not the hon. member was in the house. However, that is the view I hold about comment.

Mr. Martin (Essex East): Mr. Speaker, I rise on a point of privilege. The hon. member for Victoria (Ont.) has just said, "How much has the Liberal party paid him?" I wish to deal with that now. The Liberal party has paid nobody. This is a reflection on the Liberal party—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): —and it is a reflection on every member of this house because we seek to defend—

Mr. Speaker: Order. The hon. member raises a matter of privilege about a reflection on the Liberal party. Reflections on parties are, I think, too general to be raised as matters of privilege. But the remark was improper and should not have been made by whoever made it—

Mr. Martin (Essex East): It was made by the hon. member for Victoria (Ont.).

Mr. Speaker: —without his having the floor and without it being relevant to some proceeding which was taking place.

Mr. Martin (Essex East): Mr. Speaker, I should like to ask the Minister of Labour whether he will now correct the statement he made about Mr. Exelby, in view of the fact that Frost Metal Products' personnel manager has said that the Minister of Labour was wrong about Mr. Exelby turning down any job, because he was not offered any job; he applied for it but did not get it. Now the—

Some hon. Members: Order.

Mr. Martin (Essex East): —Minister of Labour has an opportunity of correcting an abuse against a private citizen of this country.

Mr. Speaker: Order. There are three members seeking the floor. Would the hon. member for Parry Sound-Muskoka resume his seat, please.

Mr. Aiken: On a point of order, Mr. Speaker—

Mr. Speaker: I will hear the hon. member's point of order.

Mr. Aiken: Mr. Speaker, the hon. member for Essex East is going right ahead, in contravention of your ruling, and is reading the article that he was instructed not to read.

Mr. Speaker: I must say that the presentation this time of the question by the hon. member for Essex East is entirely different from what it was when the hon. member rose before on his point of order. I think it is quite in order for him to ask whether the Minister of Labour is prepared to correct a statement in view of an additional fact, and the point of order is not sustained.

Mr. Starr: Mr. Speaker, the statement I made the other day in respect of this matter was based on information given to me by

the manager of the national employment service in Hamilton. I understand that is a statement they are prepared to substantiate.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Labour whether he is prepared to have the official who gave him those statements appear before the industrial relations committee to substantiate them.

Some hon. Members: Oh, oh.

Mr. Pickersgill: May I have an answer to my question?

Mr. Churchill: It is not a proper question.

[*Later:*]

Hon. Lionel Chevrier (Laurier): May I direct a question to the Acting Prime Minister. In view of the contradiction between the statement made by the Minister of Labour and that made by a reputable newspaper man, will the Acting Prime Minister call immediately the committee on industrial relations to hear evidence in connection with the matter?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I would judge by all the questions which are being asked by the opposition today that the Minister of Labour got a bull's-eye when he dealt with this question.

Mr. Martin (Essex East): Mr. Speaker, I rise on a question of privilege. I regret the statement made by the Acting Prime Minister, for whom we all have very great affection and admiration, but the Minister of Labour made a statement that affects an individual Canadian citizen who is not here to defend himself.

Mr. Speaker: I am not aware that comments on answers made by the ministry to oral questions can be raised as a matter of privilege unless there is something in the answer itself which raises a specific matter of privilege. I heard the answer of the Acting Prime Minister and it did not reflect in any way on the conduct of any member which would entitle him to raise a question of privilege. I think the hon. member for Essex East has misconceived the opportunity that privilege presents.

Mr. Martin (Essex East): With great respect, I would like to submit to you that when a minister of the crown in particular makes a charge or a statement that is harmful to an individual Canadian citizen, that individual should be afforded an opportunity of putting forward his side of the case.

Mr. Speaker: I understood the hon. member to raise a question of privilege relating to the reply given by the Acting Prime Minister. It appears that he is now referring to some statement made by the Minister of Labour and, in effect, is questioning the aptness of our procedure to deal with the matter. I can only say there was a debate of this matter last night and there will be other opportunities. In my view it is not appropriate to use this question period for the purpose that the hon. member has in mind.

ARTS, LETTERS AND SCIENCES

TARAS SHEVCHENKO—ANNIVERSARY OF DEATH OF UKRAINIAN POET

On the orders of the day:

Mr. Nicholas Mandziuk (Marquette): Mr. Speaker, may I have leave of the house to draw to its attention that today, March 10, 1961, is a day of great significance to Canadians of Ukrainian origin, being the centennial of the death of their greatest hero and poet, Taras Shevchenko. His name is worshipped by 45 million Ukrainians wherever they may be found, and by some half million of that race in Canada who have integrated themselves in the Canadian way of life and who can be counted as constituents of most of the members of this house.

Taras Shevchenko, the son of a Ukrainian serf, who was a free man for only nine years of his short life, died when he was 47. His pen proved to be more powerful than the decrees of the oppressors of his people, and by his unfaltering faith in the victory of democratic ideals, despite all obstacles he became the greatest poet and freedom fighter of the Slavonic world. He is not only a national figure among a given people but a luminous personality in the world course of contemporary history. His poetic works—

Mr. Speaker: Order. The hon. member has asked for the leave of the house and by its indulgence has called attention to this very interesting anniversary, but if he is to take more time he must have the expressed leave of the house to continue?

Some hon. Members: Agreed.

Mr. Mandziuk: His poetic works deal not only with the oppression of his own people but also with the enslavement of every other nation raped by the white despot of his time and by the red imperialist of today. To his own people his works "Kobzar" are the national gospel and are to be found in nearly every home. His fiery words resurrected a nation thought to be dead; they inspired his people to deeds of heroism in their struggle for independence and give them hope and courage in bondage. He calls to all to "rise

and break the chains" and, echoing a passage from *la Marseillaise*, to "spatter freedom with evil enemy blood". He calls for brotherly love among the Slav family of nations.

His works are not only popular among his own people. They have been translated into all Slavonic languages as well as into English, French, German, Italian and Swedish. To his immortal name those of his origin in Canada are erecting a monument in the grounds of the Manitoba legislature in Winnipeg because, as a poet, he not only enriched the literature of his own people but inspired them with new hope for freedom. What he sought for them he sought for the oppressed everywhere in the world. This monument is to be unveiled on July 15 of this year, and gratitude goes to the government of Manitoba for permitting its erection.

Mr. Speaker, I wish to thank you and, through you, the members of this house for having given me the opportunity to make this statement.

Hon. Paul Martin (Essex East): The house has unanimously agreed to lay aside its procedures in order to permit the hon. gentleman to pay tribute to one of the great poets of the Ukraine, Taras Shevchenko. It is appropriate that hon. members should join with the hon. member for Marquette in marking the anniversary of this great Ukrainian who in his poetry has given justification for the hopes of contemporary Ukrainians for the liberation of their homeland.

In doing so we can recognize that there are many Shevchenkos in every ethnic group in our country, who likewise give cause for hope of liberation from totalitarian oppression which has now taken hold of so many of them. The hon. member is a Canadian of Ukrainian descent. He may be assured that those of us in the Liberal party recognize the great contribution made by the Ukrainian people to the building up of this nation, as indeed we recognize the contribution made by so many other ethnic groups toward building up this country, the most envied country among the nations of the world, despite its current difficulties.

HOUSE OF COMMONS

PARLIAMENTARY RESTAURANT—REPORTED SERVING OF UNDERSIZED LOBSTERS

On the orders of the day:

Mr. F. F. Legere (Shelburne-Yarmouth-Clare): Friday is a good day for a maritimer to ask the Minister of Fisheries a question of which I have given him notice and sent him evidence. My question is this. Is the minister aware that undersized lobsters are being served at the parliamentary restaurant?

Hon. J. A. MacLean (Minister of Fisheries): I should like to thank the hon. member for having given me notice of this question and also for supplying me with the evidence. I am happy to report that an autopsy was performed in the department this morning and we found that although the lobster in question had a carapace measurement of $2\frac{3}{4}$ inches and would be below the minimum size limit in many lobster fishing districts, there are some other districts in which the minimum measurement is as low as $2\frac{1}{2}$ inches. Therefore it can be reasonably concluded that although this lobster came to its untimely death, or what would have been an untimely death, perhaps in Yarmouth, it did so completely within the law.

Mr. Legere: Will the Minister of Fisheries use his good offices to encourage the parliamentary restaurant to bring in a more typical maritime lobster than this baby food?

Mr. Frank Howard (Skeena): Mr. Speaker, I have a supplementary question I should like to direct to the Minister of Fisheries. Will he undertake to promote the use of Queen Charlotte islands crab? He will find that none of those are under size.

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, I have a question of privilege. I feel it should be brought to the attention of the house and to your attention, sir, because you have full jurisdiction up there, that the lobster in question was billed on the menu last night as baby lobster.

GRAIN

WHEAT—INQUIRY AS TO DATE OF INTERIM PAYMENT

On the orders of the day:

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, I should like to address a question to the Minister of Agriculture. I apologize for not giving notice, but some days ago he informed the house that a 10 cent interim wheat payment would be paid to the western farmers. Can the minister inform the house when these cheques will be mailed out to the farmers?

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, I have not the definite information with me but I recall seeing a report dated March 3 which said that at that time over $16 million in cheques had been sent out. I would imagine the remainder would be out in the next two or three weeks.

Inquiries of the Ministry

PUBLIC SERVICE

FORESTRY—FAILURE TO APPOINT FRENCH SPEAKING SENIOR PERSONNEL

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of Forestry stemming from the rather chagrined comments made in the press of French Canada about the senior appointments in the Department of Forestry announced two days ago, which resulted in none of the top positions going to French Canadians. Was, or is, any consideration given to choosing men for such senior posts from the French language people in the service?

Hon. H. J. Flemming (Minister of Forestry): Mr. Speaker, undoubtedly the utmost consideration is being given to that end.

Mr. Fisher: I did not hear clearly the answer given by the Minister of Forestry. I understand he said that undoubtedly consideration had been given to choosing French Canadians in the service. Since none was chosen, I wonder whether I can ask this supplementary question. In view of the fact that Quebec has such a large sector of its economy in forest industries, did the minister canvass within the forestry industry of that province for any of the senior personnel in his new department?

Mr. Flemming (Royal): Mr. Speaker, I am sure the hon. member is more conversant than I with the general procedure under which appointments of that nature made within the department itself are, generally speaking, made by the civil service commission. The promotions, which I presume he has reference to, were announced yesterday, and they were made entirely from within the department, the transfers being made from the Department of Agriculture to forestry and from the Department of Northern Affairs and National Resources to forestry.

The answer to his question in connection with whether or not the department will endeavour to find suitable personnel from the province of Quebec is obviously yes. The department is always looking for suitable men from all parts of Canada, and especially from a province which has such a great interest in the forest resources of this country.

FINANCE

AUTOMOBILES—REQUEST FOR ELIMINATION OF EXCISE TAX

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, I have a question for the Minister of Finance. It arises out of the 3 per cent sales tax imposed by the Frost government of Ontario, which would increase the retail delivery cost of passenger cars already burdened by a federal 11 per cent sales tax and a 7½ per cent excise tax. Can the minister inform the house whether consideration is being given to the elimination or reduction of the excise tax on automobiles?

[Mr. Hamilton (Qu'Appelle).]

Mr. Speaker: Order. The hon. member is dealing with a budgetary matter. I do not think he could expect budget policy to be declared in answer to a question before the orders of the day, when he recalls the secrecy that is always involved in such budgetary changes.

[*Later:*]

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask a question supplementary to that asked by the hon. member for Fort William. Will the Minister of Finance—

Mr. Churchill: The hon. member is out of order. On a point of order, Mr. Speaker, I understood you to rule the question asked by the hon. member for Fort William out of order; therefore a supplementary is not allowed.

Mr. Speaker: The hon. member may ask a new question but not a supplementary to a question that was ruled out of order.

Mr. Martin (Essex East): You ruled that this was a budgetary matter, Mr. Speaker, and I submit to you that my question will now indicate that it is not a budgetary matter. Will the Minister of Finance not exercise the powers that the governor in council now has to abolish by order in council the excise tax on automobiles, thereby contributing very fundamentally to an improvement in the unemployment conditions that prevail in the automobile industry?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the government will continue as in the past to try to undo all the harm that was done to that industry and many others by the former administration of which he was a very vocal member.

Mr. Martin (Essex East): Mr. Speaker—

Mr. Speaker: Order. The hon. member for Essex East asked a very argumentative question and he received a very controversial reply. I suggest that the matter be left at that point. The hon. member for Skeena.

Mr. Martin (Essex East): Mr. Speaker, this is a matter that cannot be left in that way.

Mr. Speaker: If the hon. member has a question that is within the rules he may ask it, but I have now recognized the hon. member for Skeena.

[*Later:*]

Mr. Martin (Essex East): May I ask the Minister of Finance if he will give consideration to the passage by the governor in council of the necessary authority to abolish the excise tax on automobiles?

Mr. Fleming (Eglinton): Mr. Speaker, the hon. member has again overlooked the fact that it is parliament that makes the laws and imposes the taxes, not the government, and he has attributed to the government a power—

Mr. Martin (Essex East): You have that power.

Mr. Fleming (Eglinton): —which the government does not possess. After all, parliament is still supreme notwithstanding the hon. member's lapse of memory.

Mr. Martin (Essex East): You have the power now, and you know it.

NATIONAL DEFENCE

REPORTED INSTRUCTIONS TO CADET STUDENTS RESPECTING NUCLEAR DISARMAMENT CLUBS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of National Defence. I regret not having given him earlier notice but the matter just came to my attention before the house met. In view of a report in the Winnipeg *Free Press* to the effect that C.O.T.C. and R.O.T.P. university students have been warned by letter from an armed forces co-ordinator to shun nuclear disarmament clubs or face elimination from public financial aid, would the minister indicate how he reconciles such an instruction, if it exists, with freedom of conscience and whether the armed forces co-ordinator's letter represents the policy of the Department of National Defence?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, the report in the Winnipeg *Free Press* is quite incorrect. Therefore the question which the hon. member has based on it contains statements and assumptions that are also incorrect.

This is the actual basis of the matter. On the University of Manitoba campus there is apparently a ban the bomb organization and also an organization called the students' association for nuclear armament. Apparently some members of the latter organization, who are members of the cadet training corps, posted a notice on Department of National Defence property that a meeting of the association would be held there. As a result the co-ordinator for university military training wrote a letter to army cadets only indicating that regular force personnel—R.O.T.P. subsidized officer cadets and second lieutenants—are not permitted to become members of S.A.N.A., the student association for nuclear armament or to participate in S.A.N.A. activities. The letter went on to say that reserve personnel—U.N.T.D., C.O.T.C., U.R.-T.P.—who choose to belong to S.A.N.A. as private citizens must not participate in the activities of S.A.N.A. in their capacity as members of the armed forces and, finally, that the armed forces office is not to be used for meetings of the students' association for nuclear armament.

I think nothing was sent out to the students in connection with any other organization, and the only reason the letter was sent was that a notice had been posted on Department of National Defence property of a meeting to be held on departmental property. This action was taken in view of queen's regulations and orders, section 19-36 of which lays down among other things that no officer or man shall, without permission, publish his opinions on any military question that is under consideration by superior authorities. There were no specific instructions issued apart from these, so far as I know.

The whole story is really entirely incorrect. I understand that the reporter who wrote the story telephoned the R.C.A.F. staff officer, who was not in at the time, represented himself to the corporal on duty as an R.C.A.F. officer, and sought to get information in connection with this matter. He did not get any information. He then telephoned the public relations officer and did not get any information from him either. In spite of that he went ahead and wrote the story.

DEFENCE PRODUCTION

CANADA-U.S.—INQUIRY AS TO CURRENT SWAP DEALS

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct a question to the Minister of Defence Production. Has the minister any swap deals between his department and the United States air force cooking at the present time and, if so, can he tell us whether the temperature of the stew is tepid or beginning to warm up to a boil?

Hon. Raymond O'Hurley (Minister of Defence Production): The Department of Defence Production always has swap deals on hand. I am a kind of trader. I should like to tell the hon. member for Trinity that there are some deals cooking at this time which are really lukewarm.

COMBINES

PACIFIC PRESS LIMITED—INQUIRY AS TO STATUS OF INVESTIGATION

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, yesterday I directed a question to the parliamentary secretary to the Minister of Justice, as found on page 2808 of *Hansard*. The parliamentary secretary indicated that he would take the question as notice. I wonder whether it is possible for an answer to be provided now either by the parliamentary secretary or perhaps the Solicitor General.

Mr. Thomas M. Bell (Parliamentary Secretary to the Minister of Justice): Mr. Speaker, the director has been sick. There is no information of importance at hand now but I will give a detailed reply on Monday.

EXTERNAL AFFAIRS

FORT PEPPERRELL, NFLD.—TERMS OF REFERENCE TO SUPREME COURT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Acting Minister of Justice whether the terms of the reference to the Supreme Court of Canada with respect to Fort Pepperrell have yet been agreed upon by the government of Canada and the government of Newfoundland?

Hon. W. J. Browne (Acting Minister of Justice): I am not in a position to say, Mr. Speaker.

CIVIL SERVICE ACT

The house resumed, from Wednesday, March 8, consideration of the motion of Mr. Fleming (Eglinton) for the second reading of Bill No. C-71, respecting the civil service of Canada.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, time ran out on me last Thursday before I could conclude my remarks.

I hope that the Glassco commission will make a complete survey of all improvements that can be brought to the operations of the Canadian civil service, not only for the good of the commission itself, whose general efficiency is recognized everywhere, but for that of the general economy of the public service of Canada.

Mr. Alexis Caron (Hull): Mr. Speaker, I do not intend to reply to the speech made by the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon), because his remarks contained some very great truths that I must endorse.

However, I regret that his speech contained at least one part that I noticed in the English record—I trust he will excuse me—expressing views which I cannot share and I quote:

(Text):

—Jules Leger, who for many years was deputy minister of external affairs and later became under-secretary of state for external affairs.

(Translation):

He expressed regrets upon the fact that when the Hon. Mr. Pearson was deputy minister of external affairs, certain situations occurred. I must remind him that the Hon. Mr. Pearson was secretary of state for external affairs when a French Canadian, Mr. Jules Leger, was appointed deputy minister.

I therefore feel that it was quite inappropriate for the hon. member in those circumstances to blame the Leader of the Opposition.

Mr. Speaker, I agree—

(Text):

I am just starting my speech, Mr. Speaker, and already the hon. member for Roberval (Mr. Tremblay) and this other member whose constituency I do not recall, are talking louder than I am. I hope they will be called to order at this time.

Mr. Martel: On the question of privilege, Mr. Speaker, I would say that I may have been talking but the first question came from the hon. member for St. Denis (Mr. Denis). I do not say this to excuse myself, but the hon. member probably got caught in our crossfire. The hon. member for Hull should include the hon. member for St. Denis in his objection.

Mr. Denis: The hon. member is just like his own government; he puts the blame on somebody else's shoulders.

(Translation):

Mr. J. N. Tremblay (Roberval): Mr. Speaker, I should like to indicate to you that I did not try in any way to interrupt the hon. member for Hull. I was just exchanging a remark with my colleague from Joliette-L'Assomption-Montcalm, and I did not think that the hon. member for Hull was speaking, since I did not understand what he was saying. It was quite impossible for me to understand him.

(Text):

Mr. Speaker: I was not privileged to hear the three members who have risen to explain,

but not to deny, that they have been speaking while the hon. member for Hull has the floor. It is not possible to carry on debate if members talk to each other or to the member who has the floor, while they remain in their seats, whether or not their remarks are audible to the reporter or to the Chair. I hope that hon. members will observe the proprieties and not converse in tones which are likely to upset or interrupt the debate.

Mr. Caron: Thank you, Mr. Speaker.

(Translation):

Mr. Speaker, we all agree that the act of 1918, though very well drafted, had become obsolete and needed some changes. We had hoped for that. Besides, it was the St. Laurent administration that had asked the civil service commission to inquire and determine what could be done to improve the situation. The minister is introducing today a bill that bears very close resemblance to the one introduced last year and in that regard we might say that if the former legislation had a white beard, this new bill is almost antediluvian, because instead of moving forward, it is moving backwards.

We note a bad and dangerous tendency in the new act because it might vest with increased powers the governor in council and thus the ministers and department heads, the deputy heads and their subordinates, without any provision enabling the civil service commission to interfere in order to prevent any abuses in that regard.

The Civil Service Association of Canada complained about this last year and I am convinced it will continue to do so, because this is what I read on page 5 of the C.S.A.C. journal for January 1961:

(Text):

This reference is to Bill No. C-77, not the bill we are studying today:

> Under the present Civil Service Act, (i.e. chapter 48 R.S.C. 1952) the civil service commission has the statutory power and obligation to report upon any matter pertaining to the organization or proposed organization of the various departments. As a protection to the merit principle, this would seem to be a wise provision, and experience over the years would indicate that every possible safeguard to this principle must be maintained in the law.
>
> The proposal in Bill C-77 takes from the civil service commission the authority or right to make such reports except at the request of the deputy head. We are opposed to this provision and urge that the right to make such reports still be vested in the civil service commission.

(Translation):

In fact, Mr. Speaker, that remark by the Civil Service Association of Canada is quite relevant; because, if wider powers were granted to the governor in council or to ministers, as well as to chiefs of departments, that is to say to deputy ministers or their subordinates, and if those powers were used in such a way as not to always satisfy the employees, the morale of the employees might suffer, and if the morale of the employees is not good, their work will be the less efficient.

The increase in the number of prevailing rates employees is another matter of concern and trouble in this bill. Civil servants regret that the government seems to wish to obtain that right, even if it does not intend to exercise it—I do not wish to impute motives either to the Minister of Finance or to the Secretary of State—but when powers are granted to them, there is always the danger that those powers be taken literally and that they may be used to increase the number of prevailing rates employees. I agree that under certain circumstances, it may be necessary, and I refer, for instance, to the census which comes once every ten years and which obviously requires a considerable number of supplementary employees, some for three months, others for six months, and a few others even for a year. Therefore, it is normal that those employees be considered as prevailing rates employees, but there should be no provision in the act to allow ministers, the governor in council, deputy ministers, or their subordinates, to suggest a too substantial increase in the number of those employees, because those who start in a department intend to make a career there, that is, to prepare their future and ensure their living for their old age.

What will happen to the security of employment in the civil service if it can be decided over night that the prevailing rates shall apply? This makes the situation intolerable for federal employees. It will surely be reflected in their work, and the qualified employees will seek employment in private industry rather than in the public service.

Besides, if we consider the report commonly known as the Heeney report, which is the report of the civil service commission, tabled in December 1958, we find concerning the morale of the employees, the following statement on page 10:

> Maintain good morale by clarifying the rights and obligations of employees.

It seems that the government scorned the wish expressed by the Heeney commission to see to it that public servants enjoy a greater measure of security in order to give better service.

The merit system is essential if we want our employees to enjoy the sound morale which will mean a better service. To this end, it is important to clearly define and allot the

authority conferred upon each party. The cabinet should not be given the right to interfere too often in this field or to ignore the decisions of the civil service commission.

The commission should be and remain a lot more independent of the executive, because its members are not interested in politics. They are more interested in the smooth working of the civil service, because of their past experience.

We know that when the Civil Service Act was enacted in 1918 the commission hardly numbered 40,000 employees, with the majority of them working as clerks at different levels. However, in the meantime, the responsibilities of the civil service commission have increased. At the time we were merely a British colony, and, consequently had less responsibilities than we have now. With the passing of the Statute of Westminster in 1927, which was finally signed in 1931, Canada became an autonomous country and government departments grew larger and more numerous. This, in turn, increased the responsibilities of civil servants and, at the same time those of the civil service commission.

During the war, the number of civil servants grew to an almost terrific extent. Many of them accepted positions of permanent character because the country's new status was compelling the government to multiply its services.

The post-war period brought about the recognition of Canada as an international power and an unprecedented development took place in the Department of External Affairs thus requiring new categories of employees.

There was growth too in the research branch. A considerable number of scientists offered their services to the state to the advantage of all Canadians.

The number of federal civil servants grew so much that the civil service commission had to take special precautions in order to retain its employees of unusual merit.

Now that cannot be achieved unless the civil service commission remains free to establish its own regulations and to develop its services without undue government interference and, above all, provided it has the upper hand on the often arbitrary decisions, as they were described by the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon), of division heads and deputy ministers. Well, the line should be more clearly, more accurately drawn.

Mr. Pigeon: Mr. Speaker, on a question of privilege, the hon. member for Hull must have misinterpreted my remarks. I did not mention deputy ministers. I said: a few officials, a very few services, a few heads. My remarks were of the general character. I wish the hon. member for Hull would report exactly what I said.

Mr. Caron: Mr. Speaker, since I do not have *Hansard* here. I accept the correction made by the hon. member for Joliette-L'Assomption-Montcalm, and I say that a few minor officials use their authority to impose their views, sometimes unduly. Therefore it is necessary that the civil service commission have greater, instead of reduced powers. Besides, I see in paragraph 10, page 9 of the Heeney report, the following remarks:

> Clearer definition of the division of authority and responsibility for decision as between departments of government on the one hand and, on the other, the commission, to which, as a body independent of the executive, certain functions are assigned by parliament;

And further on:

> —subject only to such safeguards as may be necessary to maintain the merit principle—

And again:

> —a program that will, within a reasonable time, result in "One Civil Service" in which all are subject to the same standards of obligation and benefit;

And further,

> Greater participation by employees in the processes leading to the determination of their conditions of employment.

Those are conclusions of the Heeney report requesting the government to grant that recommendation and I am now requesting the same thing today. The sound administration of the civil service calls for a clear definition of those points and it is particularly necessary that the civil service commission retain its powers.

The commission should remain independent so that no minister or deputy minister may, alone, through a decision of his own, bring about changes without a recommendation to the civil service commission. Final decisions should never be left to ministers nor to deputy ministers or their subordinates.

There should be set up a board or court duly empowered to deal with the appeals of those civil servants who feel that they have been unfairly treated.

Admittedly such appeals are being heard at the present time but the Heeney commission did in fact recommend a widening of the grounds for appeal and an improved and more judicial procedure in this respect.

I think that at the moment, while grievances of deputy ministers and their subordinates are heard, proceedings are practically in camera, which means that those people are sent away and then the appellant or plaintiff

is called without having heard what the other had said. They are thus being placed in a position of inferiority. Moreover, they are entitled to call on an employee or a member of an association to defend them, but they have not been allowed to call upon a lawyer to help them prepare their case.

I think there should exist in the civil service commission as in the unemployment insurance commission a tribunal before which any employee could bring his case and even be defended by a lawyer. Complaints would be made while the appealing party and the person involved in the complaint are present. In his examination the lawyer could, possibly through appropriate questions, bring out contradictions and ascertain whether the complaint is well-founded or if it is only because of some personal spite or grudge that the employee is in a difficult situation.

Both sides should be given a chance to explain why suspension or dismissal is recommended. Employees would then feel more secure especially as regards promotions.

Civil servants often complain—I do not say that they are right—that they were denied deserved promotions. Well, how can you prove whether they are right or wrong if there is no tribunal to hear complaints and find out if there was a well-founded reason for denying a promotion?

I know of a case of a person whom I know very well. He is a French Canadian who tried and passed every examination for a certain position. As he always came out first the head of the department applied to have the position abolished so that he would not get the promotion. If there had been an appeal tribunal, that man could have had his case heard before the abolition of that particular position, he could have found out why a competition had been opened and then, following the examination, why application had been made to have the position abolished.

This is one case in a thousand, because since I have been a member of this house I have received a voluminous correspondence telling me of the complaints of dissatisfied people. I do not pretend that this has happened only under this government—it existed before, but it is, however, a lack that should be filled now by an amendment to this new bill. That is why I suggest that the government disregarded the justified complaints of the small employees who are just as much entitled to be defended as the higher-ups.

Besides, if the appealing party could call on a lawyer, he would have much better protection, since it is not everybody who can state his complaint quite clearly; in fact, a civil servant may be a perfect clerk who perfectly knows his work, but when he has to appear before an appeal board where it is important to express himself well, not being used to public speaking, he cannot defend himself easily in a case of this kind, while if he had his own counsel, he could rely on him to relieve him of his sudden uneasiness and state his case much more clearly.

Besides, at page 16 of the civil service commission report, I read something about the appeals in paragraph 38:

> With these considerations in mind, the commission's proposals are designed to place firmly on the departments primary responsibility to maintain discipline while, at the same time, providing suitable safeguards against uneven or unfair treatment of employees.

Therefore, the civil service commission itself had realized there had been unjust treatment of certain cases, and that there had been no means to cure this situation because of the excessive power of certain divisional heads.

> Our proposals entail among other things,
>
> (c) that the scope of appeals to the commission in such matters be substantially broadened;
>
> (d) that dismissal be effected by the commission on the recommendation of the deputy head (instead of by an order in council); and
>
> (e) that, before an employee is dismissed on grounds of political partisanship, his case be fully investigated and reported upon by one or more commissioners appointed for the purpose under part I of the Enquiries Act.

As you see, Mr. Speaker, what I am saying has been provided for in the civil service commission report. So, it is not new, and I suggest that we should act upon this.

And here is another weakness existing within the civil service, and it is the famous rating. As far as this question of rating is concerned, the same standard should be applied by all departments without exception. When this rating of the employee is ready for submission to the civil service commission—the rating factor is important for promotion—it should be submitted to the civil servant for his acceptance or refusal. If he feels that his chief who has given him this rating was unfair, he should have the right to appeal to the civil service commission and that right of appeal should be recognized in the act, but it is not so now.

There is only one department that I know of—there may be others of which I am not

aware—but we have the Department of National Defence where employees, accustomed to those efficiency reports in the army where a soldier, when shown his report, could appeal to his superior officer, maintained the same procedure. Since that practice existed in the army, it has been applied to the civilian staff of that department. They are asked to sign the report and if any objection is raised, then the report is discussed and often amended.

I can say that when I was myself an employee of the civil service in 1927, I have seen cases where there was an injustice because a head of department did not like a subaltern's mug. I suppose that the same situation still exists.

We live with men who unfortunately labour under certain human frailties and tend towards feelings of unreasond likes or dislikes. That is why, when the time comes to discuss this particular point, this should be corrected by standardizing the rating. In addition, the civil service commission should have the right to legislate in that field, to hear the appeal of the employee who feels he has been discriminated against, the appeal being heard in the presence of both the author of the efficiency report and the appellant to prevent any discussion behind closed doors. Thus one day, great and small will be able to be treated fairly in the civil service.

Now, Mr. Speaker, there is the question of salaries. It has been brought up often during these last few years especially by civil servants who, I feel, were quite right in their complaints.

In the January issue of their newspaper, here is what I find on page 7:

(Text):

Canadian civil servants have a right to play a definite role in determining their wages, salaries and working conditions. Clause 7—

That is clause 7 of the bill.

—does not provide even an elementary basis for a proper system of negotiation.

We would therefore urge, with all the emphasis we can muster, that this committee amend clause 7 to read as follows:

"The cabinet, or such ministers or minister, or officer or officers of the crown it may designate, is empowered to negotiate directly and consult with representatives of appropriate associations and organizations of employees of the crown on all matters of personnel administration in the public service, including remuneration and all other terms and conditions of employment under regulations and procedures drawn under the provisions of this act. Such direct negotiation and consultation shall be initiated by the cabinet or its appointees on the one hand, and by recognized staff associations and organizations on the other hand.

"The provisions of such regulations as may be drawn should also include provision for arbitration of issues which cannot be settled by negotiation".

(Translation):

I fully agree with the civil service association on this point.

Besides, I suggested last year, when Bill C-77 was introduced—it was later withdrawn—that whenever negotiations dealt with salaries or working conditions, civil service organizations should be called in and should have a representative sitting with the commission, in order that their views might be known. In this way, what happened in the past would not happen again, such as the issuing of a secret and confidential report which nobody knew anything about and to which nobody could refer before its publication. That famous report caused serious injustice. If I am not mistaken, salary increases started to be granted in April. One group of employees got their increase as of the 1st of April, another group on the 1st of May, another on the 1st of June and so on each month until September.

Raises were therefore granted class by class. They were retroactive only to the first of the month in which the recommendation was made to the house by the minister.

This means that employees of equal merit did not get their increase until September, and were refused those rights enjoyed by those who had had their raise in April, May or June.

That Mr. Speaker, was a glaring injustice which moved the employees to bitter complaint and properly so. Had they taken part in the discussions, had they been entitled to attend the negotiations, they would have known what was going on and they would have shared the secrets of the powers that be.

They could have then made representations to the commission, to the department and also put their case before the people of Canada through the newspapers, if they were being treated unfairly.

Moreover I find that my request is not in contradiction with the terms of the Heeney report. I refer you, Mr. Speaker, to page 132, appendix (b). The Heeney report is totally in agreement with this request since it says:

For 14 years, organized civil servants have possessed in the national joint council—

And further on:

The opinion is widely held that the council could play a more active role in this area with

advantage to both employer and employees. We share this view and consider that the time has come for a re-examination of the terms of reference and procedures of the council, with the object of strengthening its position and prestige, and making it a more useful and effective body for joint consultation.

That recommendation of the civil service commission has been completely ignored, completely disregarded.

Yet, the minister told us that section 7 provided for meetings between employees, at their request, with the department or the commission. But those recommendations may be accepted or refused by the department. So, if it were enacted that employees are entitled to share in negotiations, the department could not turn them down; it could no longer say: "You cannot have this," or "You are not entitled to that", because it would have to accept it.

That is a recommendation made by the civil service commission after a thorough investigation of this matter. And in section 3 of appendix (b) we find this:

The last authorized view coming from the government was that of the Prime Minister, expressed on May 1, 1958,

That is the present Prime Minister, who is now in London. He expressed this view on May 1, 1958:

—in an address delivered before one of the large staff organizations:

Please note, Mr. Speaker, that I am quoting no less a person than the Prime Minister of Canada. Only a few years ago, he stated, and I quote:

I think that civil servants, through their associations' representatives, should have a greater say in the establishment of salary scales in the civil service. A more rational method should be adopted whereby your ideas and advice could influence the application of principles on which there is nearly full agreement in matters of salary.

The Prime Minister was in agreement. They were supposed to enjoy more consideration, but I do not know what happened to change that approach, because this is not included, as it was not included in Bill C-77, introduced at the last session.

Section 4 reads as follows:

On the side of the employees, the associations have, over a considerable period, advocated the introduction in one form or another of negotiating procedures and "collective bargaining". Some have pressed for the amendment of the Industrial Relations and Disputes Investigation Act so as to include civil servants and open to organized government employees the processes of negotiation, conciliation and arbitration for which that statute provides. Some have advocated the establishment of a special arbitration tribunal whose awards, in the event of failure of agreement, would be binding on both sides. No recognized association has asserted on behalf of civil servants the right to strike.

Therefore, it is clearly established that no recognized association has claimed the right to strike, and I think they were right in that. Now, the right to strike under special circumstances is a sacred and a natural right of self-defence against abuse by certain companies. But government employees have a higher duty toward their country than certain labour associations. So civil servants have no intention of claiming the right to strike, but they do claim the right of association and even the right to arbitration.

To my mind this would not deprive parliament of any of its privileges because, in the final analysis, parliament would set salaries when estimates of the civil service commission are before us, so that the last word in the matter would remain with parliament. Furthermore, claims made by associations of civil servants and joint decisions reached may not be considered by nor will be binding on parliament except for the voting of estimates.

Section 5 has to do with joint committees and here is how it reads:

Although officials of the principal staff associations are in regular and frequent contact—

Allow me to point out, Mr. Speaker, that this is an answer to the assertions of the minister, an answer to section 7 of the bill now under discussion.

... are in regular and frequent contact with the commission on questions of pay, there has so far been no systematic procedure for discussion of these matters between representatives of the employees and representatives of the government. In our opinion, this is an unsatisfactory situation from every point of view. Civil servants compare their position unfavourably in this respect with that of other employees; neither side has adequate opportunity to explain its case; the inevitable consequence is the resort to pressure tactics and public controversy.

That is the whole point. Civil servants must be granted the rights normally enjoyed by human beings to have their representations heard regularly without having to go hat in hand to the cabinet or the commission, but through rights clearly defined in the act, they must be enabled to say: "We are coming here on behalf of those we represent, on behalf of associations, to ask for such conditions and such a salary." The final decision will remain with parliament, but we must give civil servants the right to make representations.

And further on, I read:

Representation of the employees affected would be provided from the staff association which, for the purpose, would have to establish suitable joint machinery.

We should supply the suitable machinery, and this is not something I have dreamed up, it is stated in the civil service commission report. The government should, through amendments to the act, provide the suitable machinery; it should not be a time to time affair, but machinery perfectly and clearly defined which would give civil servants the right to be heard when necessary.

Again on the same subject, here is what we find in section 10 of appendix (b):

> An important element in any such regime would be that the commission's recommendations subsequent to the conduct of discussions should be communicated simultaneously to the government and to the staff associations concerned. Final decision on the commission's recommendations would, of course, remain a matter for the government, subject to the ultimate will of parliament.

And in section 12, we read the following:

> We therefore recommend:

They are the recommendations of the civil service commission.

> We therefore recommend:
> That the government request the commission—

Listen carefully, for this is clear and explicit:

> That the government request the commission—commission, in consultation with officials of the treasury board on the one hand, and the staff associations on the other, to develop and institute procedures along the lines described above for the participation of government employees in the determination of compensation in the civil service—

(Text):

The Acting Speaker (Mr. Rea): Order. I am sorry to advise the hon. member, but his time has expired.

Mr. Caron: Forty minutes have expired?

The Acting Speaker (Mr. Rea): The hon. member started at 11.53.

Mr. Richard A. Bell (Carleton): Mr. Speaker, this bill, constituting as it does the first revision and modernization of the Civil Service Act in 43 years is of very high significance and vital, long range consequence. Since it is proposed that it shall be referred to a special committee for detailed study, a committee in which I hope to take an active part, my contribution at this time will be less extended than it would otherwise be.

I do not propose to refer in detail to the speeches which have been made earlier in the debate. My failure to do so is not to be interpreted in any way as an indication, even by inference, that I agree with all that has been said in the debate thus far. Indeed, with one speech which was made I profoundly disagree. I do not deny, sir, that abuses occasionally do occur in personnel administration. Civil servants are as human as any other citizens, but I do assert with the greatest of confidence that abuses are very much the exception rather than the rule. That is all I propose to say at this time in respect of that, sir. There will be an opportunity in the special committee where, if necessary, I will make my views known in greater detail.

The Civil Service Act of 1918 is a lasting monument to the government of Sir Robert Borden, and in its day it was the most advanced measure of public service reform in any country in the world. It firmly established the merit principle as an instrument of national policy; it banished the old spoils system, the nepotism and favouritism which had plagued us in earlier days. The mere fact that after 22 years of government by one party a change of government could take place, as it did in June of 1957, with the least upset to the civil service of any change of government in our history, is the best evidence of how firmly embedded the principles of the Civil Service Act of 1918 had become, and how firmly was the adherence of the Progressive Conservative party to those principles.

All but one of those who have spoken previously in this debate have emphasized how Canadians everywhere have reason to be proud of the standards and calibre of our civil service. I have said before in this house, and I repeat it now, that at international conferences and at learned societies as well as in the performance of day to day duties, our Canadian public servants can meet on at least equal terms the public servants of any other country.

In modernizing the Civil Service Act after 43 years I submit that parliament must be guided by two basic and associated objectives. The first must be to maintain and constantly improve the standards and quality of our public service. The second, and the companion objective, must be to make a civil service career at least as satisfying, as attractive and rewarding as any professional or business career. We must encourage a high proportion of our young people of exceptional talent to enter and remain in the public service. We must give to a civil service career the status and respect which will be an incentive, a stimulus to the young, highly educated men and women in the sciences, in the professions, in administration and in other basic fields to offer their services to the state.

Too often uninformed public opinion tends to look upon career civil servants as persons

looking for an easy spot where they can avoid the stress of competitive society as in business or in a profession. Such a public attitude is, in my opinion, totally unjustified and unfair. I believe that the overwhelming majority of our public servants are conscientious, hard working and effective.

What I have been trying to say was put very neatly by Mr. Neil McElroy, former United States secretary of defence and now chairman of the board of Procter and Gamble Limited, in a speech last November 22, when he said this:

> We must recognize their contribution to our nation's progress and give them proper status in the public esteem.
>
> Moreover, they must be adequately compensated. No one expects a government career to offer wealth. It has its other valued compensations. Like teaching or the ministry, it is a dedicated service. It can offer satisfactions in personal accomplishments and fulfilment for which, for many, there is no substitute. Government service, if it means to us what it should, must have its justified place in the consideration of careers by the young people of the country.

That expresses, I believe, the attitude which parliament must adopt in this important task of modernizing the Civil Service Act. As parliamentarians, as the elected representatives of the people, we must recognize that it is to the career civil service that we must look for long range continuity and experienced competence in our government. However able may be the ministry, however dedicated and sincere may be the front bench of any political party, they can succeed in their tasks only with the loyal support, the objective and disinterested advice and administrative competence of thousands upon thousands of career civil servants. And so, sir, I hope parliament and the special committee will submit this bill to certain basic tests and ascertain if it does, as I believe it does, meet certain standards.

The first standard or test is the preservation intact of the merit principle. Upon that cornerstone we must build. There must be an assurance that it is in fact, however, a genuine merit system. Parliament wants the genuine practice of the merit system, not a system of lip service to it. The mere abolition of the spoils system, the abandonment and prevention of political patronage or favouritism, is not in itself assurance that the merit system truly prevails. The Heeney report speaks of what it describes as "bureaucratic patronage" as being less apparent but no less insidious and demoralizing than political patronage. With that I fully agree.

In this new act and in its administration I hope that that may be avoided. I hope we will have the assurance that appointments and promotions are made on the basis of an objective determination of the relative merits of qualified candidates. We have that assurance, and I think we must have an assurance as well that there will be safeguards against any internal abuses, against any favouritism, against what the Heeney report described, as I have said, as "bureaucratic patronage".

The second standard or test to which I think we must submit this bill is whether it preserves fully the independent status of the civil service commission. That it does, in my opinion. Since 1918 the commission has enjoyed a quasi-judicial status. That position, in my opinion, is fundamental to the establishment of sound principles of recruitment and promotion.

The third test to which the house and the committee will wish to submit this bill, in my opinion, is whether it will provide increased flexibility of administration as well as greater simplicity of procedures. As I read the bill, sir, the division of authority between the commission and the deputy heads will be more clearly defined, that of the commission in recruitment and promotion being reinforced whereas in direct managerial matters, for speed and ease of decision, which are very important factors, a greater authority will be vested in deputy heads. The house must always remember, I think, that organization and classification play as significant roles in standards and conditions of work as do recruitment, promotion or pay.

One of the results which I hope will flow from this legislation is a more positive use of planned transfers as between departments. The Heeney report spoke of this as a means of providing promising civil servants with more productive and more attractive careers, and with that I most heartily agree. It will avoid good men getting into blind alleys or following well travelled ruts. I hope that a positive program of interdepartmental transfers will be pursued in order to broaden the experience and increase the knowledge of promising young career men and women.

The fourth standard by which the bill must be tested is that which has had perhaps the greatest publicity, the question of increasing participation of civil servants and their associations in all the processes leading to the determination of pay and other conditions of employment. The amendment made to the draft bill as presented last year enables the staff associations to initiate consultations and discussions, and of that I enthusiastically approve. The basic issue that is before the house

and will be before the committee is whether the techniques ought to be embodied in the detailed provisions of the law. Should the processes of consultation and the results to flow from consultation be spelled out in the statute?

As I see it, sir, parliament is embarking upon a totally new adventure in the field of employer-employee relations, and my own view is that the techniques, like freedom, ought to broaden down from precedent to precedent. My hon. friends from Ottawa East and Hull now profess a lifetime of undying devotion to the full application of the principle of collective bargaining to civil service employment. With respect, I suggest that their conversion has come somewhat late in life.

The hon. member for Hull sought to have the Liberal rally as late as January, 1961, endorse collective bargaining, and with what result? It was turned back by the subcommittee; it was referred to the policy committee for further study, and it has never yet seen the light of day. What that much vaunted Liberal rally refused to endorse my hon. friends place before the house as Liberal policy.

Mr. McIlraith: That is not a correct statement.

Mr. Caron: Completely false.

Mr. Bell (Carleton): My hon. friends will have an opportunity to deal with what I say. I have clippings here from both newspapers which indicate that this is precisely what happened.

Mr. McIlraith: I am telling you it did not.

Mr. Bell (Carleton): Then my hon. friend must have his quarrel with Mr. Greg Connolley and Mr. Richard Jackson.

Mr. McIlraith: With the hon. member for Carleton.

Mr. Bell (Carleton): I will allow my hon. friend to pursue his quarrel with them.

Mr. McIlraith: With the hon. member for Carleton.

Mr. Bell (Carleton): My hon. friend can have the clippings any time he wants them. I say to the hon. member for Ottawa West (Mr. McIlraith) that during all the years he and his colleagues, the hon. member for Ottawa East and the hon. member for Hull sat on this side of the house they did not have enough influence with their own government to persuade that government to take one solitary step toward consultation in employment matters.

[Mr. Bell (Carleton).]

Mr. McIlraith: Will the hon. member permit a question on this point? Will he tell us when the national joint council was set up?

Mr. Bell (Carleton): If the hon. member is now saying that the national joint council is a process of collective bargaining, I have never heard him assert it before in the house. I say to him that now that a major and constructive step has been taken, hon. gentlemen opposite seek to criticize it and to pretend that they have always believed in something more. I have always found actions more convincing than professions.

What this bill does is to provide a framework within which procedures and techniques of consultation may develop and expand to the mutual advantage of government and civil servant. This is not a strait-jacket; it is a guide to future progress in a field fraught with not a few problems, and staff associations and others are aware of these problems. In my opinion these new provisions will call for constructive statesmanship on the part of the leaders of staff associations as well as representatives of the government. Responsible, temperate, accountable stewardship will lead to constructive results in the application of clause 7. Good will and cordiality will achieve what immoderation of language and action would simply throw away.

The bill in my view is the culmination of a series of major and constructive advances in civil service administration achieved under the leadership of the present Prime Minister. I give but a few examples; the establishment of the pay research bureau, increases for superannuated civil servants, revision of the Public Service Superannuation Act to provide inter alia a six-year average, the institution of a modern medical-surgical plan, the appointment on every practical occasion of deputy ministers from within the ranks of the service, the institution of a system of class by class salary increases with periodic reviews based on the principle of fair comparison, the appointment of the Glassco commission to study the organization of government generally, and now this bill.

This is the record of achievement under the leadership of the present Prime Minister with the support of the Minister of Finance. I believe that more genuine progress in civil service administrative reform, in conditions of employment and pay, has been made in the past three years than in any comparable period in our history.

This, I believe, is a good bill. It may well be that the conscientious, non-partisan study of the special committee can make it a better bill. From that study and from the bill when ultimately enacted I hope there will emerge a civil service act which will bring pride

of status to every civil servant, and which will stand as a example to all legislatures in the world interested in the application of the merit system.

Mr. Hellyer: I wonder whether the hon. member would permit a question. If he believes, as he said, that practice should proceed from precedent to precedent, will he then explain why he preferred a written bill of rights to the established system of following the British practice?

Mr. Bell (Carleton): I do not know how ridiculous a question can be, Mr. Speaker.

Mr. Hellyer: It is just the inconsistency that amuses me.

Mr. Frank Howard (Skeena): Mr. Speaker, I have a few comments to make at this stage of the bill. I think it is a well known fact that the only political party in Canada that has had any consistent approach to collective bargaining rights for employees of the public service is the C.C.F., whether at the provincial level or the federal level. However, late as it may be that support comes from other quarters, and even though that professed support is really not a policy of the party itself and perhaps exists only in the minds of a few individuals, nevertheless we welcome the attitude of those progressively-minded Liberals such as the hon. member for Hull who have finally come to the conclusion that perhaps collective bargaining is the only decent thing we can provide so far as employees in the public service are concerned.

I think it is also a fact that generally speaking over the years employees in the public service have from time to time been given rather shoddy treatment by governments in office. I think this has primarily been so because the employees have not had the right of determination, the right that other employees and other citizens in this country have, the right to participate in forming a union and in bargaining collectively with their employer.

I think this must be done. The only end to which we should look is to ensure that the employees in the public service of Canada, and in the various provinces, obtain the right to participate in shaping their own destiny. I believe it is of paramount importance that the law of the nation applying to the rights of individual employees to bargain collectively shall be equitably applied, so far as it is possible, to the employees in the public service.

I have dealt with this subject on other occasions in presenting the ideas I may have in bill form, Mr. Speaker, and I do not intend to go over the same ground again. I believe that each employee, whether he works in the public service of Canada, a crown corporation or for a private concern, should be treated on an equal basis and should have the same rights, freedoms, responsibilities and opportunities, regardless of the particular group within which he may fall.

We can argue and quibble over details as to which system of collective bargaining may be more advantageous or more suited to a particular group of workers. We can say that the Industrial Relations and Disputes Investigation Act should apply; that, with some alterations, we can establish a system of collective bargaining within the Civil Service Act; or we can say that we should set up some special law relating primarily to the employees of the public service. I do not believe it matters too much what the system is so long as it is a system based on equity, so long as we think in terms of treating the men and women in the public service of Canada on the same basis that we treat employees in private industry or in a crown corporation. I am referring to the right to work, along with your fellow workers, in negotiating with the employer to reach a mutually satisfactory collective agreement. I feel this is the only matter with which we should be concerning ourselves in so far as bargaining rights are concerned.

If there is no opportunity of obtaining a mutually satisfactory agreement within the framework of the system we would like to see, then I believe the parties should have the right to proceed to an outside agency for assistance and guidance or perhaps an arbitrary decision that would resolve the differences. The hon. member for Carleton mentioned what he and others have classified as bureaucratic patronage. There is no doubt that this is a very difficult form of patronage to put your finger on, Mr. Speaker, even more difficult than political patronage. If an individual finds he is subjected to bureaucratic patronage he has no opportunity now of finding a solution to this problem. I believe that when the parties are working out a collective agreement they should make provision for some grievance procedure, perhaps for some outside body to argue the case just as some individuals in industry do now.

The special committee to which this measure is going to be referred has a most important function in assessing and reviewing the subject matter of the bill referred to it. I for one hope that, as the parliamentary secretary indicated, this will be a non-partisan committee and that the government members of the committee will act as they individually think and as their consciences dictate after studying the bill. I hope they will not act, as has been the case so many

times in the past, as if they were mere puppets controlled by the Minister of Finance or some other government official.

Mr. Fleming (Eglinton): I rise on a point of order, Mr. Speaker. The observation which the hon. member has made, I feel, is a reflection on those members to whom he referred who have been sitting on these committees. There is no member in this house who has ever acted as a puppet of the present Minister of Finance. The present Minister of Finance has never asked anyone to act as a puppet, nor would he wish any member of this house to act as a puppet. All hon. members of this house exercise their freedom in the light of their responsibilities, whether in relation to the committees of the house or the house itself, Mr. Speaker. I consider this is a reflection on the members of this house that the hon. member would not wish to leave on the record.

The Acting Speaker (Mr. Rea): On the point of order—

Mr. Howard: May I say a word on the point of order?

Mr. McIlraith: If I may say a word on the point of order, I would point out that the hon. member who was speaking did not say the members of the committee acted as puppets of the Minister of Finance. He said that they acted as if they were puppets of the Minister of Finance. There is quite a sharp distinction.

Mr. Howard: May I say a word on the point of order? I am quite prepared to leave the statement on the record. I would recommend to the Minister of Finance that he read the proceedings of the veterans affairs committee this session, and he will find that certain members condemn themselves in this respect by saying that they could not do anything else but support the government; that after all this was a measure introduced by the government and they had to support it.

Mr. Speakman: On a question of privilege, Mr. Speaker—

The Acting Speaker (Mr. Rea): The hon. member is speaking to a point of order.

Mr. Howard: I was just mentioning the point of order which had been raised by the Minister of Finance. All one has to do is read the record to see that there was no reflection cast upon the Minister of Finance as being an active participant in a Punch and Judy show.

Mr. Fleming (Eglinton): It was the members, not the minister.

Mr. Howard: If the Minister of Finance, however, thinks that the remarks were personally directed toward him and no other individual member, then I suggest he is far too thin-skinned. May I call it one o'clock?

Mr. Speakman: On the point of order—

Mr. Fleming (Eglinton): I did not take the remarks as directed toward me, but they were remarks that reflected on the members because the statement was that they were acting as puppets of the minister.

Mr. McIlraith: As if they were puppets.

Mr. Fleming (Eglinton): That is the same thing.

The Acting Speaker (Mr. Rea): Did the hon. member for Wetaskiwin wish to raise a question of privilege?

Mr. Speakman: The hon. member for Skeena is in haste now to call it one o'clock, having reflected on the members of a certain committee. Since I am a member of the committee to which he referred, I can say that the members of the committee acted independently and in good conscience. We did what we did because we had the interest of the veterans of Canada very much at heart.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Howard: Mr. Speaker, at one o'clock I had been mentioning that the committee which will be established and which will consider this particular bill has a great responsibility. I think the individual members of the committee must approach the bill and the presentations that are undoubtedly going to be made to the committee with a great deal of openmindedness. If the committee is going to be nothing more than a rubber stamp which will endorse the bill—

Mr. Speaker: Order. I think we are debating the second reading of the bill, are we not, rather than a motion to establish the committee?

Mr. Howard: That is quite true, Mr. Speaker. I just said that the point I was getting at—

Mr. Speaker: I was just reminding the hon. member that he was not speaking to the issue before the house.

Mr. Howard: Yes, Mr. Speaker, you are quite correct. All I was doing was reiterating again—in order to put the matter in

its proper context and as I had almost reached the end of my remarks—in saying that the bill undoubtedly, as we have been told, is going to go to a committee; and that if the committee acts as a rubber stamp for the government proposal, there is not much point in setting the committee up at all.

Mr. Speaker: Is the house ready for the question?

Mr. Hubert Badanai (Fort William): Mr. Speaker, I wish to say a few words with respect to this legislation which is important, as everyone will agree because it deals with improvement of the Civil Service Act which is designed to give government employees a fair deal as befits a good employer. Unfortunately, it is a charter which falls short of giving the men and women working for the government, who have proved their loyalty and capabilities over a long period of years, the consideration which they richly deserve.

I am sure there is no division of opinion in the house when I say that we are fortunate in having a civil service second to none in the world. Where there is a division of opinion, however, is as to the way in which we treat these faithful servants who, in many instances, have refused better paying jobs in business and in industry so that they may carry on and remain at their posts.

Since the introduction of this measure I have listened with more than passing interest to the discussion of the merits of its content, and also of the ways in which it fails to meet the expectations of the civil service. I am particularly concerned with that part of the bill which ignores the fundamental rights of employees to negotiate with their employers in a manner recognized as a standard practice by the trades and labour movement of our country. It is true that it contains a reference to the right of initiating consultations but in no way does it recognize the right to negotiate an agreement; and in the event of disagreement there is no provision for the appointment of an arbitration board.

Speaking at a banquet of the Civil Service Association of Canada a year or so ago, the Prime Minister (Mr. Diefenbaker) made a statement which was generally understood to mean that the application of the principle of bargaining rights would be implemented in any future changes of the act. He said:

> What is needed is more opportunity and better arrangement for your representatives to sit down at a table with officials representing the government and with officers of the civil service commission.

It seems to me, Mr. Speaker, that what I have just read commits the Prime Minister to a measure which will recognize bargaining rights for all civil service employees.

A year ago last November the hon. member for Winnipeg North Centre (Mr. MacLean) spoke at a mass rally of more than 1,000 federal government workers and took occasion to express the view that civil servants should have the right to negotiate with the government on salaries and working conditions. When he was asked if he would propose in parliament that these rights be granted, he replied that he would bring the matter up in the caucus of his party in order to obtain the views of his colleagues. I think he was sincere, but evidently he failed to convince the government that such a proposal was desirable or necessary.

In their submission the civil service association recommends that one of the clauses be amended to read as follows:

> The cabinet or such ministers or minister or officer or officers of the crown it may designate, is empowered to negotiate directly and consult with representatives of appropriate associations and organizations or employees of the crown on all matters of personnel administration in the public service, including remuneration and all other terms and conditions of employment under regulations and procedures drawn under the provisions of this act. Such direct negotiations and consultations shall be initiated by the cabinet or its appointees on the one hand, and by recognized staff associations and organizations on the other hand.

I submit that such an amendment would not constitute the conferring of privileges not enjoyed by nearly all other employed workers, including those working in city hall staffs, firemen and policemen. The latter two categories enjoy all bargaining rights except for the fact that their contracts do not allow them to strike. However, they have the privilege if there is a break-down in negotiations of asking that the matter be considered by a board of arbitration whose decision will be binding on both sides. I am confident that the civil service association would not object to having such a clause added to this measure.

Professor Saul J. Frankel of McGill University, speaking at a gathering of the professional institute of the public service of Canada, made some very pertinent observations on the status of civil servants in Canada. He was speaking about the negotiation and arbitration system in Great Britain. After giving an outline of the history of the movement to obtain collective negotiation rights for civil servants, the professor stressed that the establishment of a collective negotiation body such as an arbitration board contributed a great deal toward better relations beween the government and civil servants. He made the statement that there is much less friction today than there was before they had such a right. Both sides agree to abide by the findings of the arbitration board and therefore there should be no fear that at

any time the government would be faced with civil servants going on strike.

Here we are primarily concerned with giving to a substantial and important segment of our people the same rights and privileges which other Canadians everywhere have taken for granted for more than 50 years. Let us ever be mindful of the fact that civil service employees, be they working in offices, government departments, income tax branches, as customs officials, immigration officers, whether they are serving on trains, steamships or in the far reaches of the north in humble but important tasks such as delivering the mail to our door, are giving their service to our government with loyalty and zeal irrespective of whether that government is Liberal or Conservative.

Of course, that is precisely what is expected of them, that they should serve no particular party but should simply perform their duties to the best of their ability and advise those in authority. Not the least of their functions is to counsel, because of their experience, on what may be best for the Canadian people.

I believe some dissension in the civil service is due to the fact that once an employee reaches the maximum salary for his particular position he must wait years before he can expect any salary increase. While it is true that civil servants may try examinations for a higher grade, it must be remembered that after ten or 15 years away from school the average man has forgotten much of the academic questions that appear on the usual civil service examination papers.

Although the civil servants may be able to step right into a better position and discharge his duties perfectly, he invariably finds himself teaching these duties to a student recently out of school. This student, by virtue of the fact that he still has the type of questions fresh in his mind, is usually able to pass the examination, whereas the older but much more experienced employee in the work actually required is often unable to pass. It has been the experience of some men to remain in the same salary bracket for 15 years and watch youngsters step out of school and into senior positions. In this case the older employee usually has to teach them the job.

At the present time it takes five years for a civil servant to reach his maximum salary rate. I wonder whether a plan could be evolved by which he would be kept in that position for another period of five years unless, of course, he successfully passed a higher examination at the end of this five-year period, so that he would automatically be promoted to a higher grade unless the head of the department provided the commission with excellent reasons why he should not do so. Once promoted, the same routine would follow until five years prior to his retirement.

Such a plan would not only bring an end to much of the dissatisfaction in the service but would also increase its efficiency by giving civil servants an incentive in recognition of their efforts. I have in mind the case of an ex-secretary of the board of grain commissioners in the city of Fort William who was appointed secretary to the board when the statistician's office was moved to Winnipeg. This chap was a graduate of a university but had no experience. He lasted about a year. A local boy with a grade 11 education, who had started working in the office when he left school and had learned the practical end of the job by serving his apprenticeship over a period of years, took over the job and has been a success. In that particular job the university graduate was a failure.

There are many positions in the civil service in which a university education is not an essential ingredient for efficiency and which can best be filled by an older employee with years of experience. It seems to be an obsession in some quarters that unless one is a university graduate he should not aspire to top positions in the service. I realize, however, that there are positions for which a specialized university education is necessary. I am speaking primarily of the vast majority of the men and women in the service whose jobs have been learned by hard work and long hours over the years.

I now wish to mention a rather touchy subject, the restrictive discipline imposed upon civil servants with regard to their rights as citizens in connection with federal elections. One of the sections of this legislation does not provide security for an employee who may be dismissed because he had the temerity to enter the committee room of a candidate during an election or attended a political meeting. He may have to suffer the consequences of being cast into the ranks of the unemployed because of the whim of a member of a political party or perhaps the whim of a member of parliament.

I recall an instance during the 1958 federal election. A person in my constituency who held a position with the postal service told me he had been warned that if he took any part whatever in supporting my campaign he had better look for another job. This is by no means an isolated case.

Mr. Churchill: Warned by whom?

Mr. Badanai: That man—

Mr. Churchill: Mr. Speaker, may I ask the hon. gentleman a question?

Mr. Badanai: Yes.

Mr. Churchill: May I ask the hon. member by whom his informant was warned.

Mr. Badanai: I am not stupid enough to answer that question. A man or a woman working for the government today is deprived of those rights which are fundamental to our Canadian way of life—rights which are now spelled out in the bill of rights—or does this measure not apply to civil servants? I am not suggesting that civil servants should take to the platform. What I am suggesting is that they should be free to support any candidate of their choice and to feel free to criticize government policies according to their own convictions.

Mr. Speakman: Would the hon. member permit a question? Would the hon. member accept criticism from his own employees in his own business?

Mr. Badanai: Yes. I can answer the question truthfully by saying that I do accept criticism from my own employees, and I have many of them. They are still there after more than 20 years.

This legislation fails to define clearly what are considered adequate reasons for dismissal. If these reasons were clearly defined, independence of action would be guaranteed to employees, so long as they properly carried out their duties, and the threat of being fired would no longer hang over their heads. In other words, what I am asking is that our civil servants should be given treatment comparable with that enjoyed by other Canadians. This would keep their morale high and encourage them to discharge their responsibility efficiently and in the best traditions of the civil service of Canada. That is all I am asking.

Mr. G. J. McIlraith (Ottawa West): In rising to take part in this debate I wish to open my remarks by expressing my appreciation of the objectivity which has been exhibited, generally speaking, by those hon. members who have preceded me. I think the general quality of the observations made so far has been of a very high order and I hope my own will not lower the standard in any respect.

I do not propose to go over the history of the legislation on this subject. That has been dealt with by other speakers. I think this legislation is a natural occurrence in relation to the developments of our times, bearing in mind that the original act was passed in 1918 and that great developments in government service, in these later years especially have made it necessary or desirable in the view of the former government and, now, of this government, that new legislation should be introduced. I was glad to see that the work put in hand by way of an investigation by the chairman of the civil service commission was continued by the present government although it had been initiated by the former government. I am glad to see that the value of the report has been acknowledged and that legislation based at least in part upon that report has been brought forward.

There is one major point that concerns me with regard to this legislation. Under the present Civil Service Act the independence of the commission is made very clear. That independence is guaranteed in several ways, among others by the fact that the commissioners are appointed for a term certain as to tenure and can be removed only by the governor in council on a joint address by both houses of parliament. This guarantee goes to the very root of their independence. Moreover, they report not to a minister of the crown as such, but to parliament itself, the method of reporting being through a minister designated for that purpose.

For the last number of years the minister designated has been the Secretary of State (Mr. Dorion) and so far as I know there has been no change made in that procedure; at least, no change has been announced to the House of Commons. I am therefore a little curious to know why this legislation now before us is presented by the Minister of Finance (Mr. Fleming) rather than by the Secretary of State. My concern arises from what I regard as the absolute necessity of the commission remaining an independent body in line with the principle established in the former act. I hope it is nothing more than a matter of convenience, but perhaps the Minister of Finance would clarify the situation when he speaks.

If the hon. gentleman were to indicate that an attempt was being made to make the commission more directly answerable to the minister—and I myself do not believe this is the case—it would, of course, give ground for real concern on all sides of the house. The minister has been accused on many occasions of bringing the C.B.C. too directly under his own influence because of his control over finance. While that may be a controversial point, I think it would be desirable for the minister to make it clear when he replies that there is no intention to take any steps to bring the commission more directly under ministerial authority. I may add that I see nothing in the legislation itself which would warrant such an inference, but I do think it is a point worthy of the hon. gentleman's attention.

In my opening remarks I made some reference to the speeches which had preceded mine on this second reading. I do want to except from that general statement the

remarks made by the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon). In my view a great many of his remarks having to do with particular complaints were in the nature of superficial criticism of individual items rather than being addressed to the principles of the bill. Some of them, at least, contained what I considered to be rather poorly drawn innuendoes. They were points calculated to arouse passions and destroy pride in our civil service and our confidence in it.

In any event, I have no doubt—and it has been my experience—that in any large organization such as the civil service there are abuses from time to time. However, it seemed to me that the speech made by the hon. member did not address itself to the real problem. The problem before us is to enact the type of legislation which will enable such abuses to be corrected by the proper procedures for the relief of grievances and so on. In my view the purpose of this legislation is to provide methods by which such grievances can be remedied.

The hon. member for Carleton (Mr. Bell) began very well and made some excellent observations in the early part of his speech. In general he was handling the question in an exemplary way. Then he suddenly departed to that spiritual home of his, which I might call that segment of the people of the fine and historic riding he represents, Carleton Toryism. I do hope that he will not press those points in committee because, with deference to him, I suggest that some of them were quite historically inaccurate and not worthy of the earlier remarks he made in his speech.

If the hon. member will examine the text of his speech when it appears in *Hansard*, I think he will see that when he was speaking about the 1918 act he sought to claim that it was legislation brought about by, I think he used the term, the Conservative government of Sir Robert Borden. My reading of history rather indicated to me that the government headed by Sir Robert Borden at that time was a coalition government.

Mr. Bell (Carleton): I said the government of Sir Robert Borden.

Mr. McIlraith: It further indicated to me that the reason for the 1918 act was that, through the rapid growth of the civil service during the first world war and the vigour that was being applied in making appointments on a political patronage basis, there was a revulsion of feeling in the country on that point which was ultimately shared by the government. That was the reason for the legislation and indeed it is thought by many that the legislation could not have been passed at that time by party government. It was a coalition government that made it possible. If hon. members will examine the records a little further they will find that the minister who handled the legislation and presented it was the late A. K. Maclean, and the other minister who seemed to have the most to do with it was the Hon. N. W. Rowell. That is the origin—

Mr. Bell (Carleton): May I ask the hon. gentleman a question? Was the Hon. A. K. Maclean secretary of state or acting minister of finance?

Mr. McIlraith: I think he was the latter, but I am not sure.

Mr. Bell (Carleton): Yes; in other words it was not the secretary of state who handled the bill at that time.

Mr. McIlraith: No. As a matter of fact, the act was not in existence at that time and the secretary of state did not have the responsibility of answering to the house.

Mr. Bell (Carleton): Mr. Maclean was never secretary of state.

Mr. McIlraith: No, quite. The hon. member for Carleton misses the point about it altogether. We now have an act, and the Secretary of State is the one who is answerable to the house on this subject. The Hon. A. K. Maclean was not in that position because there was no such legislation and there was no secretary of state or minister answerable to the house for these matters.

Mr. Chevrier: The member for Carleton came into the house lately.

Mr. McIlraith: In any event, I wanted to check the hon. member on his history on that point and also to point out to him that in his reference to the speech of the hon. member for Ottawa East (Mr. Richard), and the hon. member for Hull (Mr. Caron), he was a little less precise than I think he would ordinarily wish to be in describing their speeches and the position they took. The speeches are on record and I do not propose to go over the points raised by them, but I do draw that matter to his attention and to the attention of the house in case anyone should take his version of the speeches as an accurate representation of the points discussed by them.

This bill is going to the committee and, while it is quite true one could raise a great many matters of principle that are debatable on second reading, I think it is desirable that these matters be discussed at the committee stage. I am concerned with one or two of the matters. At the time I was very critical of the handling by the Minister of Finance of the pay increases in 1959. As he well knows, there were different views on the techniques

of his handling of those increases. I do not propose to repeat my criticism of his technique in handling that subject at that time, but I do wish to say that the difference of opinion and loss of confidence arising out of that episode indicated rather clearly the desirability of new legislation at least on that phase of the subject. I think probably the minister himself will agree with that. Indeed, the minister's remarks in presenting this legislation were considerably improved over some of the remarks he made at the time of the pay increases and his handling of that subject. I am quick to acknowledge that, Mr. Speaker. I think the Minister of Finance is entitled to have this said about his remarks so far on this bill.

In any event, the bill now presented does contain a very improved clause 7. I am quite sure that in committee this clause will get a rather thorough examination. It raises one aspect of the question of the technique or method of the public service organizations dealing with the government. While probably under the rules it is a matter that can properly be discussed on second reading, as far as I am concerned it can be better discussed in committee and I am quite prepared to reserve my remarks on it until that time arrives.

The necessity for the civil service bodies having the right to negotiate collectively, a right that is not something given to them at the whim, if you like, of the government but something established by law as their right is very important. That seems to be done by clause 7. Further aspects of it will have to be examined. There are different points of view on whether clause 7 does exactly what we think should be done, and there may be some shortcomings in it. In any event, it is not something that requires further debate here in principle.

Another matter which will require examination in committee is the some 25 or more changes between the bill introduced in the house last year and not proceeded with and the bill now before us. The reasons for some of the changes are readily apparent from reading them; others are not readily apparent and we shall expect to have detailed explanations of these matters in committee.

There is another point which was alluded to briefly by the hon. member for Carleton. It is rather well summed up in a report of the civil service commission of Canada dated December, 1958, commonly known as the Heeney report. While the hon. member did not quote it directly, he obviously had reference to this sentence which I shall read:

> Not much is gained if the "malign influence" of political patronage is replaced by bureaucratic patronage which may be less apparent but which can be no less insidious and demoralizing.

All criticisms I have read of the proposed legislation and all analyses of it have raised this very point as something that will need careful examination in the new legislation. The rapidly developing extent of the civil service administration over the last few decades has undoubtedly required certain additional authority to be given administratively to deputy ministers within their own departments but that being so, there is a counterbalancing necessity of a strengthening of the procedure for any complaints about their administration. Great care will be required in the committee to make sure that the counterbalancing provisions in the bill now submitted are adequate and that they give civil servants who are subjected to the exercise of this added right by a deputy minister the right, if they feel aggrieved, to a proper appeal and proper remedial action.

The whole matter was dealt with at some length in what I thought was a very admirable analysis that appeared in the civil service association of Canada "Journal" for January 1961. The analysis dealt with two phases of last year's bill. The statement set forth was prepared by the national president in collaboration with the executive committee and the research advisory committee of the Civil Serice Association of Canada. The legislation is dealt with generally and then there is a more detailed analysis in part 2 of the statement. I hope that when we get to the committee stage there will be an adequate opportunity when we are hearing the association's representatives to deal with the analysis point by point whether or not all the points are covered by particular clauses of the legislation.

I also hope there will be an adequate opportunity to examine the points that are included in the Heeney report and the appendices thereto, particularly some of the recommendations of that report which were not carried through into the legislation.

There is one other field that is of particular interest in discussing this subject. I have in mind the excellent development work which has taken place in the whole field of the relationship between the public service and government in Great Britain and more particularly the Whitley councils. Without spelling it out in legislation they seem to have evolved a technique of developing procedures that enables certain of these problems I have been discussing and other related ones to be dealt with in a way that is wholly desirable. I would hope that in the committee there will be an adequate opportunity to examine that technique in relation to our legislation.

In that connection I might point out that what I think is a rather interesting article has been prepared by Professor Frankel, who

is assistant professor in the department of economics and political science at McGill University and who made a study of the British civil service arbitration tribunal with a view to its possible adaptation to Canadian conditions. Interestingly enough, his research was made possible by a Canada council senior fellowship. I would hope that in the committee stage we can examine this whole subject in some detail with a view to its possible adaptation to conditions in Canada.

The other civil service associations all have their points of view, and while I have referred to the civil service association of Canada's analysis I do not want that to indicate any less interest in the comments and representations of the other civil service associations or public bodies which have dealt with this subject. I hope they can all be heard. I hope that when we come to the committee stage it will not be necessary to press this matter unduly but that we can find a technique of carrying on the work of the committee so that the hearings will be conducted expeditiously but at the same time will be full and thorough. I say that because it seems to me that under our system no government action can be fully effective without a thoroughly competent civil service to carry out policies as laid down by government and legislation as enacted by parliament.

We in Canada have been singularly well served over the years by our civil service. It has received praise from time to time and I think that praise has been well deserved. While some of the hon. members of the present government may not have expressed that praise as vigorously or as frequently as one might have wished when they first took office, it seems to me that in the last year or two they have come to appreciate our civil service. I was particularly pleased to hear the Minister of Finance (Mr. Fleming) in his opening remarks acknowledge the high standard of the civil service in the way he did and to hear him pay that compliment, if I may paraphrase his remarks, in the manner he did. Under our system we cannot afford to have a demoralized civil service or a civil service that is operating at less than peak efficiency. This is increasingly so as government inevitably reaches more and more into the affairs of private citizens as time goes on and as the decades pass.

Without saying more I should like to conclude by expressing my appreciation of the fact that this legislation has been introduced and by saying that I look forward with interest to serving on the committee which will examine the bill in a critical and, I hope, a very thorough and objective way.

[Mr. McIlraith.]

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I want to comment on only two facets of the debate. The first, which was raised by the hon. member for Fort William (Mr. Badanai), relates to the question of giving civil servants more scope for political activity. To those hon. members on the government side who seemed to scoff or thought that the remarks of the hon. member for Fort William were a little ridiculous, I might suggest that their party in particular has always stressed the example that we can find in the mother of parliaments and in Great Britain itself. If they check I think they will find that means have been found by both parties in Great Britain ever since 1919 to enable more and more British civil servants to take part in politics.

As I remember, the last figure I saw about a year ago was in a paper that had been prepared and which indicated that some 600,000 employees of the British government, especially those employed in what we would tend to call corporations or arsenals or other such establishments, are free to take part in politics and to belong to a political party. There is a continuing committee always examining various spots in the British civil service to determine when and where in the hierarchy a man reaches a position where it is felt that he can no longer take a free part in politics.

Mr. Macdonnell: May I ask the hon. member a question? Does that include standing for office?

Mr. Fisher: I did not hear the hon. member.

Mr. Macdonnell: When he says they are permitted to become members of political parties, does that include standing for office?

Mr. Fisher: Yes, it very definitely does. In the last general election in Britain there were a number of people in all parties running for office who were government employees. A leave system is arranged. If a person wins he concludes his service, of course, but if he does not win then his leave is terminated and he goes back to the service. They have found great difficulty in delineating just what role a man may have within the civil service before he is free to take part in political activities.

As I look around this house, and I have expressed this view before, I find about 100 lawyers, a great many small businessmen, a great many farmers and a few teachers. I have been able to find only two hon. members who, you might say, come from large scale corporate organizations. I refer to the hon. member for Greenwood (Mr. Macdonnell) and the hon. member who sits next to him, the hon. member for Dufferin-Simcoe (Mr. Rowe). In other words, this house lacks

representation from the large corporate organizations that dominate our business and financial life. At the same time, as I am sure every hon. member knows who has been around a university, a great deal of our best talent is funnelled off into the civil service. I wonder how much longer we can go on depriving politics of the ability that lies in these two areas, that is to say the very able people who go into the civil service and the very able people who go into corporate organizations.

I know there is no law that says someone who is an executive in a corporate organization cannot run for office, but in the main they do not. They take very little part in politics. This reference, of course, is outside the scope of the debate, but the civil service aspect of it is not. I think it is about time we began to be large enough in spirit, as the hon. member for Fort William (Mr. Badanai) suggested, to consider this possibility instead of being petty. I know that I had a shock several years ago when I discovered that if a member of parliament made a complaint about a civil servant taking part in political activities, that pretty well sunk the civil servant. This was the accepted Canadian practice. At the time, the Minister of Transport pointed out he was merely following the practice of the preceding administration.

I cannot honestly say that if the members of the civil service were able to take part in political activity and belong to a party, it would do me or my party any particular good. I would say, judging from the political attitude of the provincial civil servants in our part of the country, that most of them would be Conservative. So far as I am concerned, that is fine. I would be agreeable to their taking part in party activities so long as those activities remained within a certain level and did not have an effect on policy decisions.

The second point upon which I should like to touch is not a very popular one with some of my colleagues and, I imagine, with other hon. members of the house. However, this is a personal observation, and I feel I should reiterate it at this time. I feel that there should be much more leeway to bring people in from the outside to fill top positions in the civil service. It seems to me that one of the feelings I often encounter in government—I do not think I am giving anything away—is the feeling that senior civil servants may not be as enthusiastic as they might be about their minister and the things he wants to do. I believe this is unfair, not only to this government but to any government. For that reason, I should like to see much more—not so much of heads rolling at the top—of the practices followed when a minister takes office of surrounding himself with his own people. I do not mean the executive assistants, I mean the senior posts in the department. I believe that the civil service commission and the act should be so set up that the minister could do this.

I would point out to hon. members that such a provision would do two things. It would mean we were developing in Canada the idea of a new cabinet bringing in its own experts to help it with its policy direction and, second, it would eliminate the excuse I have heard so often, "Well, how do you expect us to get things going when so many of the civil servants are against us?" I do not believe the civil servants are against the government and I would not like to make that point. However, I do believe we have a lot of time servers and quite a bit of deadwood at the top of the civil service because of the conditions of employment. If I were a minister I would want to have a little bit of room—enough space at the top—so I could fill it with people who were dedicated, not only to me and the policy I wanted to introduce but also to the subject of the field itself.

Now, as I said, this may sound like heresy but I feel that if we had more of this type of thing we would have much more life and dynamics not only in the civil service but also in the government of Canada. In this particular case, I think we can look to both the United States and British examples and see the way they take advantage of drawing on people on the outside. It seems to me a rather invidious commentary upon the party that took power three years ago that they brought in only one deputy minister. They actually brought him in as an assistant deputy minister but as a result of a death he moved up. Surely, the Conservative party had close to it or within it more people of ability that they wanted to have help them guide the country along with some sense of direction. I am not speaking as a Conservative. I am trying to speak as someone who would like to see some real sense of direction within the administration. As it is now, with our present civil service setup, it seems to me that governments pass on but civil servants go on forever. I am wondering if this is not one of the reasons that I, as an opposition member, feel this government has not had the dynamics and drive one might have expected from it.

Mr. Speaker: I must inform the house that if the minister speaks now, he will close the debate.

Hon. J. M. Macdonnell (Greenwood): I should like to say a word about the speech to which we have just listened. I agree that there should not be any prohibition against bringing in outside people, and obviously

there could not be. On the other hand, I like much better the approach adopted by the hon. member for Carleton (Mr. Bell). It was to the effect that if we wanted to have a civil service which would attract the best sort of people, which is what we do want, it was very desirable there should be a feeling that, by and large, the top positions were available to all. I think that is a fair interpretation of what the hon. member for Carleton said. I would be very unwilling to see any other attitude adopted because I think it would work to the disadvantage of the civil service and prevent the attraction of the best people.

Hon. Donald M. Fleming (Minister of Finance): I should like to thank all hon. members for the support they have expressed for this government measure, which evidently has gained support in all parts of the house. I do thank all hon. members for the support they have indicated. I had not intended to participate in the debate by way of reply, Mr. Speaker, but certain points have been raised, and in particular by the hon. member for Ottawa West (Mr. McIlraith), who directed several inquiries to me with which he asked me to deal before the debate is closed.

Most of the matters that have been raised in the course of the debate can be dealt with more conveniently in the committee. Perhaps, however, I might touch on several of these at this time in closing the debate on second reading.

The hon. member for Hull (Mr. Caron) indicated in his remarks that he is under the impression that civil servants appearing before appeal boards are not permitted to have counsel. If this is the view of the hon. member, I must tell him he is labouring under a misapprehension, because civil servants are entitled to be represented by counsel in appearing before appeal boards. Indeed, this is the practice in Ottawa, and some of the most eminent counsel at the Ottawa bar appear from time to time before appeal boards on behalf of civil servants.

The individual matter which perhaps engaged most attention of hon. members participating in the debate, concerned the provision in the bill providing for consultation with representatives of appropriate organizations and associations of employees with respect to pay and other terms and conditions of employment.

This provision is for consultation, of course, at the request of such representatives as well as at the instance of either the civil service commission or the Minister of Finance.

I have no doubt that this provision will continue to receive attention when it is before the committee and I do not intend to dwell at length upon it.

I made some observations on the general tenor of the bill in introducing it on Tuesday. However, I should perhaps draw attention to one fact that evidently has been overlooked by some hon. members. We have heard a good deal of praise of the Heeney report and properly so. In speaking on Tuesday I had occasion to pay tribute to this really outstanding report. Nevertheless I invite hon. members to consider the fact that the Heeney report did not recommend collective bargaining. Indeed, the Heeney report did not recommend any provision going as far as the provisions of this bill go. Let me remind hon. members of exactly what it was that is said on this subject in the Heeney report. I am referring now to paragraph 32 of the report under the heading of "employee participation". It reads as follows:

> The commission believes that in the general interest, means should be developed to enable civil servants to participate more effectively in the process by which their salaries and conditions of work are determined. We note that the Prime Minister during the past year had occasion to make reference to the government's interest in improvement in this respect. We have concluded that the differences in the circumstances of private and public employment do not readily admit of the simple and unqualified application to the civil service of the normal industrial pattern of collective bargaining. Nevertheless, we believe that, by developing and enlarging the role of the commission in this area and by strengthening the National Joint Council, it should be possible, with the co-operation of the staff associations, to arrive at a solution which would meet the essential objectives of the employees without involving the genuine difficulties associated with other proposals.
>
> The outline of such a solution is contained in appendix "B" to this report. It is recommended that, if this proposal meets with government's approval, the commission be requested to develop and institute suitable machinery and procedures to give effect thereto, in consultation with treasury board and senior departmental officials on the one hand and the principal staff organizations on the other. The commission has had in mind the possibility of such development in its review of existing legislation, but we have concluded that it is neither necessary nor desirable that detailed provisions on this subject should be embodied in the law.

Mr. Speaker, I now turn to appendix (b) of the report where in some detail the civil service commission outlines what is called "general consultation between government and employees on pay and conditions of work". There the three members of the commission have indicated in some 12 paragraphs their views on this subject, and they conclude with two recommendations which are as follows:

> We therefore recommend:
>
> (a) That the government request the civil service commission, in consultation with officials of treasury

board and other departments on the one hand, and the staff associations on the other, to develop and institute procedures along the lines described above for the participation of government employees in the determination of levels of compensation in the civil service, and

(b) That, in consultation with the civil service commission, the National Joint Council be requested to examine its constitution and terms of reference, and to submit recommendations to government for making it more useful and effective as a forum of joint consultation in other matters of mutual concern.

The type of collective consultation which the three commissioners there recommended was one in which, as has been described, the civil service commission would sit at the end of a table in a somewhat detached capacity, the representatives of the civil service organizations and associations would sit on one side and representatives of the treasury board would sit on the other, and there would be discussions. This report had barely been made public when at least some of the civil service associations expressed themselves quite forcibly on the subject and indicated that this kind of system did not meet with their views. While there were discussions of that matter, it was made quite clear from the outset that these proposals did not go far enough to meet the views of the representatives of the civil service organizations and associations. I say no more on that subject at this time except to draw the attention of hon. members to the fact that the bill now before the house in this regard goes substantially farther than did the commissioners in their recommendations in the Heeney report.

The next point which perhaps should be mentioned now, Mr. Speaker, is the one for which the hon. member for Port Arthur argued vigorously. He evidently believes that civil servants should be free of all restrictions in the matter of participation in political activities. Evidently he does not stop short of believing that all trammelling restrictions upon civil servants in that regard should be forthwith abolished. This view has not prevailed in the House of Commons and I doubt that it will commend itself to most hon. members.

Mr. Fisher: May I ask the minister a question?

Mr. Fleming (Eglinton): Yes.

Mr. Fisher: The minister is not suggesting that those were my views. He referred to me.

Mr. Fleming (Eglinton): No; I meant the hon. member for Fort William (Mr. Badanai). I thank the hon. member from Port Arthur (Mr. Fisher) for the correction.

The act at the present time is quite specific on this subject. Section 55 of the present act reads as follows:

55. (1) No deputy head, officer, clerk or employee in the civil service shall be debarred from voting at any dominion or provincial election if, under the laws governing the said election, he has the right to vote; but no such deputy head, officer, clerk or employee shall engage in partisan work in connection with any such election, or contribute, receive or in any way deal with any money for any party funds.

(2) Any person violating any of the provisions of this section shall be dismissed from the civil service.

The one change that the present bill would make in that existing provision of the Civil Service Act is to provide that no person shall be dismissed for violation of this provision unless the alleged violation has been the subject of an inquiry at which that person has been given the opportunity of being heard. The new bill ameliorates the provisions in this respect to that extent but it maintains —and, I submit, properly so—the prohibition of political activities on the part of civil servants.

The hon. member for Fort William can complain about this matter if he wishes to do so, as being an interference with the personal rights of a citizen in a free country. However, the fact remains that larger issues are involved here. There is involved the whole question of the public interest; and the public interest has been served by a civil service which has been denied the right to take part in partisan politics. How can you expect a civil service to earn the kind of respect, the kind of approbration which has been expressed frequently in the course of this debate; a civil service that can equally serve succeeding governments regardless of changes in political stripe of governments, that can give the same service to a successor government it gave to the predecessor if the civil service on the one hand is going to be permitted to engage in political activities or, on the other hand, is going to be exposed to them?

There is an element in this situation that has evidently been overlooked by the hon. member for Fort William (Mr. Badanai). It is the extent to which provisions of this kind protect the civil service. This is something of simply overriding importance. If the civil service did not enjoy the protection of a prohibition of this kind, those who are engaged in the civil service would be open to all kinds of pressures, or could be submitted to all kinds of pressures by any government in office.

In days gone by, long years ago, when our parliamentary system was growing up, measures of this kind would have been of very great protection to the civil service. Measures of this kind were not introduced simply to impose some arbitrary restriction upon the

political rights of individuals. They were imposed, first, in order that the public interest might be better served by those who can under all circumstances give equal loyalty to successive governments regardless of political stripe. In the second place, the civil service itself should be protected under all circumstances from pressures exerted upon it by whatever government happened to be in power, or by the party that happened to be out of power if it sought to bring pressure to bear on the civil service to help them win their way into power.

That is the reason for a prohibition of this kind on political activities, so that no civil servant can be dragooned by his minister into taking part in political activities or called upon to make any contribution to party funds. Let us see this in its proper light. It is not an interference with political rights; it is a matter of giving effective protection to the public service against all kinds of subtle pressures that might otherwise be exerted upon it by a government that did not have too many scruples in that respect. I say nothing more on that subject.

I turn next to the matter that was touched upon by the hon. member for Ottawa West (Mr. McIlraith), namely the numerous changes that appear in the present bill as compared with Bill No. C-77 introduced last June at the 1960 session of parliament. I do not propose to repeat what I said on this subject in moving second reading on March 7. What I said in this regard is to be found in *Hansard* at pages 2760 and 2761. I drew attention to the fact that there are many changes between the two bills, most of them of a minor nature relating to administrative questions.

However, there are two changes of a quite material nature. These are changes in policy and I outlined them at that time. I do not wish to dwell on this subject, but there is a complete misinterpretation of my remarks on this subject appearing in the Ottawa *Journal* of March 8 at page 21. This is the sentence:

> Of the many changes in the Civil Service Act contemplated in this bill, said Mr. Fleming, most are "of a minor and administrative significance only".

What I had to say about changes of minor and administrative significance only was with regard to the changes between Bill No. C-77 introduced last June and the present measure. If you compare this measure with the Civil Service Act, you will find that there are many changes, and I think there are enough of them to engage the serious study of the proposed committee for some period of time.

A point was sought to be made that this measure is introduced in the name of the Minister of Finance and not in the name of the Secretary of State. Perhaps I should feel flattered that this should be regarded as a matter worthy of comment by some hon. gentlemen opposite. The fact is that under our existing system of government the Secretary of State answers to the house for the estimates of the civil service commission, but all matters pertaining to pay, salary, working conditions and terms of employment are, and have been for a long time, matters for which the Minister of Finance is held responsible.

Ever since I have been in the house, since 1945, this has been the division of responsibility. My predecessors, Mr. Ilsley, Mr. Abbott and Mr. Harris were the spokesmen of the government in the house for all matters pertaining to salaries, working conditions and terms of employment of the civil service. It has been my privilege in these past three years and eight months to introduce in the house those changes which have been, I trust, of great benefit to the civil service, namely the increases in salaries—

Mr. McIlraith: Mr. Speaker, I wonder whether the minister would permit a question on this point?

Mr. Fleming (Eglinton): May I finish? I introduced in the house the measure for increases in salaries, the amendments to the Public Service Superannuation Act, the medical-surgical benefits for the civil service and the increase in superannuation benefits to retired civil servants. These were all matters pertaining to salary, pay, terms of employment and working conditions and were accordingly sponsored in the house by the Minister of Finance. Therefore there is nothing new in this present sponsorship; there is no significance in it such as the hon. member for Ottawa West feared. I can assure him that the independence of the civil service commission was never more completely recognized and scrupulously respected in all our history than it is at the present time.

Mr. McIlraith: Mr. Speaker, I wonder whether the minister would permit a question on this point. The examples the minister has given of matters that he brought before the House of Commons pertaining to the civil service have all been matters affecting pay or the financial aspects of civil service employment. Do I understand the minister to claim that matters of hours, employment and holidays have always been treated as matters coming under the jurisdiction of the Minister of Finance?

Mr. Fleming (Eglinton): Not specifically individual holidays. Questions of whether a particular day is a day on which the civil

service closes have been dealt with in the house by my colleague the Secretary of State. My remarks on this matter concern terms of employment and working conditions in general. These have been a responsibility of the Minister of Finance. I think no more need be said on that point; it is not a point of significance.

Finally, I think all hon. members are aware of the procedure that has been proposed. It is that following second reading of this bill it should be referred to a special committee to be appointed for the purpose of studying it. I have on the order paper a motion, which will be called immediately after the bill has been given second reading, to establish a committee for that particular purpose. When agreement has been reached among the parties as to the personnel of that committee, it will be appointed and the bill can then be formally referred to the committee for study and report.

Mr. Speaker, I thank the house for the support which those who have participated in this debate have indicated for the measure. I believe it to be a measure of very high importance. Indeed I regard it as one of the most important bills likely to come before this present parliament. I look forward with some degree of gratification to seeing a strong committee appointed which will give this bill a very, very thourough study.

The committee, of course, will be master of its own procedure. It will, if it wishes, be entitled to call on and hear representatives of the civil service organizations and associations and to give the bill a most thorough scrutiny. I believe its importance warrants nothing short of a very thorough scrutiny. I can tell hon. members, having had some experience of scrutinizing this measure in its preparation and the study of the Heeney report that preceded it, that it is a very large subject. But in a matter of this kind the extent of the study on the part of hon. members both in the house and in the committee will be repaid, I believe, by the satisfaction they will derive from dealing with a subject of such great importance to good government in Canada.

Motion agreed to and bill read the second time.

MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE TO CONSIDER BILL NO. C-71

Hon. Donald M. Fleming (Minister of Finance) moved:

That a special committee be appointed to consider Bill C-71, an act respecting the civil service of Canada, with power to send for persons, papers and records and to report from time to time;

That the committee have power to print such papers and evidence from day to day as may be deemed advisable or necessary;

Special Committee Appointed

That the committee consist of fifteen members to be designated by the house;

That the committee be empowered to sit during the sittings of the house; and

That standing order 66 be suspended in relation thereto.

He said: Mr. Speaker, may I make only one comment? Since this motion was placed on the order paper there has been some discussion with the opposition parties, and a wish has been expressed that the committee might be somewhat larger than that contemplated in the motion, namely, 15. Fifteen members were appointed to the committee which sat last session to consider amendments to the Superannuation Act, but since it has been requested by hon. members opposite that this proposed committee should be enlarged, the government has no objection to make, and, accordingly, and if the house would agree, we might substitute "twenty one for "fifteen" in line six of the motion.

Hon. Lionel Chevrier (Laurier): I am grateful to the minister for that suggestion. I had already prepared an amendment to the same effect. I think it would be of great assistance to those who sit on this side of the house, because a number of members have expressed not only their willingness but their desire to take part in the proceedings of this committee and they would not have been able to do so had it not been for this change. We would have been entitled to only three members at the most but, as it is now, our representation has been increased and I am sure it will be appreciated.

There is just one other comment I should like to make. I note that the motion contains a provision that the committee be empowered to sit during sittings of the house. I merely express the hope that the committee will not find it necessary to do this. I shall not give the reasons why we feel that way about it, but I am sure the government would not want the committee to sit unless it were really necessary, and in this case it would strike me that since most of the witnesses who are likely to be called will be from the service, in any event, it will not be necessary to get them from the outside and the necessity of sitting while the house is sitting may not arise. I do not wish to make an issue out of this. I simply repeat the hope that it will not be necessary for the committee to sit while the house is sitting.

Mr. Speaker: Have I the unanimous consent of the house to substitute the word "twenty one" for "fifteen" in the third paragraph?

Some hon. Members: Agreed.

Mr. Speaker: A consequential change should be made in the last line, which should read:

That standing orders 66 and 67 be suspended in relation thereto.

The change is necessary because standing order 67 says that no special committee may, without leave of the house, consist of more than 15 members.

These changes by unanimous consent will give effect to the arrangement made among the parties. Is the house ready for the question?

Some hon. Members: Aye.

Motion as amended agreed to.

SUPPLY

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

DEPARTMENT OF LABOUR

General administration—

178. Departmental administration including a grant of $10,000 to Frontier college and the expenses of the international labour conferences, $1,373,104.

Mr. Starr: Last night, the hon. member for Bonavista-Twillingate said this as reported on page 2835 of *Hansard*:

When the minister got up with all his power and might to smear this poor fellow who had been trying to earn a living—

Later, he said:

The minister had to come into the house and break the law made by parliament.

Again, he said this:

—if it is your chance to earn a livelihood you can be smeared in defiance of the law by a minister of the crown sheltering under his immunity in this house.

The hon. member for Bonavista-Twillingate has thus accused me of using my function in an improper way. He has used the word "smear" which is, I submit, an unparliamentary word. He has accused me of breaking the law. He has accused me of doing this behind the shield of parliamentary immunity. The fact is that he himself is hiding behind the shield of parliamentary immunity, and I intend this afternoon to deal with this matter fully, because to do anything less would be an abrogation of my responsibility both as a member of parliament and as a member of the government.

In the first place, these are all trumped-up charges in every sense of the word, as I shall endeavour to prove very fully.

Mr. Chevrier: The law is clear. It is not a trumped-up charge in that respect.

Mr. Starr: Of course, the hon. member for Laurier has his own version of the law, because it suits him best to have it, and so have his colleagues.

[Mr. Speaker.]

I would refer now to the report of debates for May, 1960. I said at that time, as reported on page 4033:

It was brought to my attention in December of 1959 that certain instructions had appeared in the official manuals of the unemployment insurance commission which would have the effect of limiting the availability of information to members of parliament whether in the provincial or federal legislatures who were seeking information on behalf of their constituents. I felt that this was an undesirable limitation which was being placed upon members of parliament in carrying out their duties, and I immediately wrote to the commission informing them of my views on this matter.

I then quoted from a letter which I had written to the unemployment insurance commission on January 20, 1960. The letter said this, in part:

I do not see how anything in section 98 could under any circumstances be construed as granting authority for a directive against giving out information to members of parliament.

If there is such a directive, I think it should be rescinded.

Mr. Chairman, the directive was rescinded. It is my recollection that the hon. member for Bonavista-Twillingate was among those who applauded that statement most enthusiastically at that time.

Mr. Chevrier: Will the minister permit a question at this time? If the directive to which he has just referred was rescinded, did he give any consideration to amending the act along the same line?

Mr. Starr: There was no necessity to amend the act. If the hon. member for Laurier would allow me to proceed with my statement without any interruption I shall only be too glad to answer any questions when I am finished.

I might add, Mr. Chairman, that my statement in this connection was made in answer to a question of the hon. member for Gloucester who wanted to know whether there was any restriction regarding the release of figures to members of parliament. This, of course, had been quickly followed by a supplementary question from the hon. member for Essex East who asked, as recorded at page 4003 of *Hansard*:

Has the Minister of Labour given any instructions to the unemployment insurance commission or to any government servant that members of parliament are not to be supplied with information that it has always been regarded as a right of the representatives of the people to have?

This question was couched in the familiar rhetoric of the hon. member for Essex East. At that time last May hon. members of the opposition were terribly concerned about the rights of members of parliament to have information. At this time, when a question is asked by a government member, they claim

it is just a planted question and when a minister gives an answer he is breaking the law.

I am dwelling on these points at some length because, as I pointed out, I feel I have a right to do so in a matter involving what I consider to be a libel upon myself as a member and a minister. I feel that I have a right to make whatever explanations are necessary in order to deal with the very serious accusations which have been made. I will go a step further, Mr. Chairman, and say that if such a right is not to be accorded in such circumstances, then I cannot see how it will be possible to carry on business in this house.

I said this also at page 4033 of *Hansard* of May 19, as part of the context of my remarks:

> Let me repeat, Mr. Speaker, that any member of this house will be given whatever information he requests, provided that the information is available and that it is not of a confidential or privileged nature.

Mr. Benidickson: Hear, hear.

Mr. Starr: The hon. member for Kenora-Rainy River says "hear, hear" and he is quite right.

I want to say that in this instance certain facts were made available by the person himself on a Canadian Broadcasting Corporation national program and were used as the basis of a broadcast. In so doing this person removed the veil of secrecy and confidence, if there was any, surrounding his employment record. In view of that, Mr. Chairman, in answer to a question asked by the hon. member for Cariboo is as follows:

> Can the Minister of Labour tell the house the circumstances of Mr. Glen Exelby, who was depicted in the main role of the C.B.C. program "Close-Up" last night, and inform the house whether the national employment service is doing anything to secure employment for him?

I repeat, in view of the fact that Mr. Exelby had made most of the information available, there was no secrecy attaching to his employment record. I supplemented that record by saying that he first registered for employment at the national employment office on September 9. I went on to say:

> He had quit his previous employment as a salesman at $6,000 per year and had given the reason that there was "no future".

There is no secrecy about that. I continue:

> On November 29 he was referred as a salesman at $350 per month to Service Steel and Engineering in Hamilton.

There is no secrecy about that. He answered an advertisement put out by the C.B.C. requesting a white collar worker for a television program. There is no secrecy about that. I continue:

> Apparently he was successful in obtaining this employment and I am informed that it was remunerative to the extent of $25 per day.

There is no secrecy about that. As a matter of fact, he earned $50 a day. My reply continued:

> On February 24 the unemployment insurance commission office in Hamilton offered Mr. Exelby a position as a foreman at Frost Metal Products—

There is no secrecy about that, nor is there any secrecy about anything in the reply I made to the question asked by the hon. member for Cariboo. I further said, as recorded in *Hansard* of March 9, at page 2810, in answer to a question asked by the hon. member for Welland, as follows:

> Is it possible for the Minister of Labour to procure information regarding the employment record of a person registered with the national employment service if he is requested to do so by a member of parliament?
>
> Hon. Michael Starr (Minister of Labour): I think it is evident that the hon. member for Welland refers to the reference I made yesterday in respect to Mr. Exelby.

To that, as I looked at the hon. member for Welland, who is now in his seat, he nodded agreement.

Mr. McMillan: I didn't.

Mr. Thrasher: I saw you myself.

Mr. McMillan: I would still like an answer to my question.

Mr. Thrasher: You are getting it.

Mr. Starr: The hon. member nodded agreement.

Mr. McMillan: I didn't.

Mr. Starr: I said:

> If that is so, Mr. Speaker, then I feel that if Mr. Exelby undertook of his own volition to disclose his personal affairs in great detail on a national television broadcast and in so doing created a completely false impression, it is quite proper for me to present certain facts of the same nature.

I should like to refer also to my original statement in answer to the hon. member for Cariboo which I completed by saying:

> I am very sorry that the program did not reveal these facts also—

—since they were evidently in the process of revealing all of the employment facts of this person in question.

Now, the charge of breaking the law, of course, enters the realm of the foolish and has existence only in the inflamed imagination of the hon. member for Bonavista-Twillingate, and I am sorry that he is not present at this time. But this is not the first time that a charge of this nature has been levelled. It is a favourite gambit of the hon. member for Essex East, and I do not believe we have to look any further than that for the

origin of this charge. It is a charge which he made last year with relation to the administration of the unemployment insurance fund and now it has been resurrected and trotted out to do its duty once again on behalf of the hon. member for Bonavista-Twillingate. The statement which I made last May, Mr. Chairman, covers the situation fully.

Mr. Chevrier: I rise on a question of privilege. The minister asked that he not be interrupted and I have acceded to his request. He stated that he wanted to make a statement and has proceeded to do so but in the making of that statement he has now charged motives to the hon. member for Essex East and the hon. member for Bonavista-Twillingate, both of whom are away on important business.

The question of privilege I raise is that the minister complains about the fact that he has been unfairly treated and that unfair charges have been levelled against him but he is doing exactly the same thing with reference to the hon. member for Essex East, who did not raise the question, and also with reference to the hon. member for Bonavista-Twillingate who did raise the matter by way of a question on orders of the day and also in the debate. My question of privilege is that it seems to me the minister should not proceed in the manner that he complains members on this side of the house have adopted against him.

Mr. Starr: Mr. Chairman, I had finished making charges, as the hon. member for Laurier wishes to describe them. However, I must point out that I sat here yesterday and had to listen to many falsehoods and charges which were made last evening.

Mr. Chevrier: They were not falsehoods any more than the statement the minister has made now.

Mr. Starr: The statement I made last May covered the situation fully. I indicated my intention at that time of making available to members of parliament and also to members of provincial legislatures information existing in the files of the unemployment insurance commission. There was not a word of objection at that time from anyone sitting on the opposition benches. That statement still stands. This is my policy, Mr. Chairman, and it has been my policy ever since.

Let me point out also that as Minister of Labour I have every right to set such a policy. I had every right in May of 1960 to say that I would make information available to members of parliament. I had every right to make such information available in answer to the question of the hon. and respected member for Cariboo on Wednesday. I also had every right to do what I did last May, as the hon. member for Bonavista-Twillingate knew very well at that time and as he knew very well last night when he was making his trumped-up charge.

I remind him and other members of the committee of subsection 5 of section 22 of the Unemployment Insurance Act. This is the section dealing with the employment service. Subsection 5 of section 22 reads as follows:

> The commission is responsible to the minister in respect of the administration of this part.

There is no question of interpretation here, Mr. Chairman, no twisting and turning such as the hon. member for Bonavista-Twillingate indulged in last night when he attempted to interpret section 98. Section 22 gives the minister full authority in the administration of the employment service and the information supplied to the house was information solely and completely relating to employment, over which the minister has full authority.

As a matter of fact, the gentleman in question was not registered for benefits because his salary in his former job was above the insurable ceiling. The information in question is information that is given out to employers every day right across this country. Does anyone think you can operate an employment service and refer claimants to jobs without telling the employer where they last worked, how much they earned and so on? It is also information which had already been made known through the television screens of the nation but in a form that was far from complete.

Why are hon. members objecting to setting the record straight? The answer to that is quite obvious. They do not want the record to be set straight. The hon. member for Essex East suggested today that an injustice had been done to the gentleman in question. Let me assure him that nothing was further from my mind. The only injustice done has been that hon. members of the opposition have sought to make a political football of the gentleman in question, and nobody deplores these tactics more than I do.

I put certain facts on the record because I thought that as a matter of public interest they should go on the record. There was no intention of injuring any person. It was a matter of setting the record straight and that is all.

Let me say, Mr. Chairman, that if the facts had been fully presented on the television program to which I have referred it would not have been necessary to present the full facts in this chamber. However, once a picture had been presented and that picture was

incomplete it became a duty to present a full picture, and this was done. To say that there was anything wrong in this is, I submit, just sniveling nonsense.

Mr. Chevrier: The minister said he would answer questions after he sat down and I did not want to interrupt him because of his request. I would ask the minister what distinction he makes between the information which he divulged to the house in connection with this matter and information which might be divulged to a member of parliament concerning the income tax return of an individual?

Mr. Starr: There is a great deal of difference. I want to point out again to the hon. member for Laurier what I said on May 19, 1960, as reported on page 4033 of *Hansard*. I want to repeat it.

Mr. Chevrier: I would appreciate an answer to the question.

Mr. Starr: There is a great deal of difference in this particular case. I said then:

> . . . any member of this house will be given whatever information he requests, provided that the information is available and that it is not of a confidential or privileged nature.

I say that the difference in this particular case is that the gentleman in question revealed his employment picture of his own volition over the television system of the Canadian Broadcasting Corporation and that since he did that and made public his employment record there was no secrecy involved in setting the record straight and giving the full picture with regard to his employment record.

Mr. Chevrier: I thank the minister for that reply but it leads me to this question. Once the veil of secrecy has been lifted in regard to a matter of this kind, even though it concerns the income tax return of an individual, does the minister say that a matter of that nature should be revealed to a member of parliament or to anybody else?

Mr. Starr: I think that is putting the question on an altogether different basis. The two situations have nothing in common. If the employment record, as I pointed out, is not confidential or privileged, it can be revealed. If it is, then it cannot. In this particular instance, the veil of secrecy was lifted by the individual himself.

Mr. Chevrier: I will not be long in dealing with this matter but there are one or two questions to which I should like the minister to reply. Do I understand the minister correctly, if an individual lifts the veil of secrecy on a matter such as that to which he has referred—I am putting aside for the moment the income tax return—then, the minister has every right, notwithstanding section 98, to give that information publicly?

Mr. Starr: Well, in so far as an employment record is concerned there is not that same sense of secrecy at all because employers right across this country have access to information in employees' records. It is the only basis upon which many of them are prepared to hire people. There is not that same sense of secrecy or confidential nature as there may be in any other matter. The matter of an employment record is not secret to that same extent.

Mr. Chevrier: The minister has made a statement about giving it to an employer. Well, giving it to an employer is one thing, but giving it publicly is an entirely different thing and it is contrary to section 98.

I come back to the original question: Does the minister take the view that in the statement which he made he was not in contravention of section 98?

Mr. Starr: Yes. There is nothing in my statement of March 8 regarding the employment record of the man in question that is a contravention in any shape or form.

Mr. Chevrier: One last question: Is the minister now going to make public the personal details of an applicant for unemployment benefits?

Mr. Starr: That depends on the circumstances of each case.

Mr. McMillan: I should like to ask the minister if he would be willing to make available to me or any other hon. member of the committee the information he made available to the hon. member for Cariboo concerning an applicant registered in the national employment service?

Mr. Starr: The hon. member has access, by virtue of the rescinding of a directive in respect of these matters, to any information that is available at a local office.

Mr. Henderson: On a question of privilege, Mr. Chairman, I should like to say that I was the gentleman who asked the question. I saw the film and I was not altogether satisfied. My wife was awake all night because she was crying most of the night about the sobsister who had been on that film. I said, "I will find out in the morning when I go to parliament whether or not this is genuine." This fellow should have had a job with D. W. Griffith, and she could have worked for those two actresses we saw on Sunday. She was just as good a sobsister.

Mr. Chevrier: May I ask one further question? In answer to a question I put to the

minister as to a representative of the national employment service taking part in the program, he said he did not know. Has the minister inquired and can he tell the committee whether he has ascertained the facts?

Mr. Starr: Yes, I have made inquiries and the officials of the national employment service office in Hamilton inform me that they saw no script and knew nothing of what was going to be in the script.

Mr. Pitman: If the hon. member wishes to ask a question, I shall yield the floor to him.

Mr. Macdonnell: I should like to ask a question of the hon. member for Laurier, and it is this: It seems to me we have to take a common sense view of this case as put by the hon. member for Cariboo a moment ago. We are really ignoring the important effects of what was done. As a result of what took place the other night, a very large number of people in this country, beginning with the wife of the hon. member for Cariboo, have been distressed beyond words. I think a disservice has been done to the whole situation. It so happens that I have a daughter who is a social worker and I know how deeply these people are affected by the distressing cases that come before them.

In reviewing what has happened we have to have common sense. The hon. member for Bonavista-Twillingate to whom I usually listen with great respect, was away below his usual level the other night. I wish he were here today because he is the kind of man who, when he is wrong, will say so. As I say, he was away below his usual level in sneering at the minister. He almost went so far as to say that we on this side were not sympathetic to the unemployed.

In so far as disclosing information is concerned, surely what happened was that Exelby by going on the air, created a situation in which, in the interests of truth and of the facts of life the minister almost had to come to this house and state the truth. I gravely question the judgment of the C.B.C. in this case. When the hon. member accuses the minister of behaving improperly, he seems to me to be ignoring the common sense view. If there was—even the slightest technical irregularity—and apparently there was not, the hon. member for Bonavista-Twillingate appeared to suggest that the minister should have communicated with the board instead of with the representative in Hamilton. Does anyone suggest that if the minister had communicated with the board he would not have secured the information?

Further, let me say a word on the legal aspects of this matter. In law, there are two sides to a question; there is equity as well as law. I suggest that if there is the slightest technical irregularity from the point of view of a breach of the law, which I doubt, from the point of view of equity what the minister did was justified over and over and over again.

Mr. Chevrier: I do not want to be drawn into a debate on this matter, and I do not intend to be. However, I am sure the hon. member for Greenwood would not object if I did make just one or two comments on what he has said.

In the first place, I do not believe anybody will disagree with the statement that many people were distressed by what they saw and what they heard. I also want to add that many people were distressed by what the minister said in the house.

Some hon. Members: No, no.

Mr. Chevrier: Just a moment; I hope I will be allowed to say what I intend to say. I am not charging the minister with having made a statement that did not come from the officers of the unemployment insurance. I think what the minister did was to give the house the information which he received from his own officers. On that point, I do not believe there can be any doubt; that is not charging any insincerity to the minister.

What I do say is this, sir. If it was distressing to hear that one story it was equally distressing to hear the other from the minister and because of this event, if any other occasion arises, not necessarily on television but in some other medium such as the press, the minister may get up and give information which is of a confidential nature, and whether it be on an equitable or on a legal basis will make absolutely no difference. The point is this: Was it legal and was it authorized under section 98 or was it not? The contention we are making is that it was not authorized.

I know what the hon. member for Greenwood would say about an infraction of the law if he were sitting on this side of the chamber. I clearly remember one occasion when the minister of justice in another administration was charged with having broken the law because he had not complied with one section of an act having to do with the administration of a board or commission which came within his jurisdiction.

There was no end of attack on the minister of justice at that time because he had broken the law. There is no doubt that there has been an infraction of the law in this case. It will not serve the purpose for the hon. member for Greenwood to say that although the law has been broken, in equity this is the

way in which it should be treated. It will be for parliament to decide that matter and for others as well.

Let me make one final point. The hon. member for Greenwood said that it was important that the truth be told. I would not for one moment stand here and say that the minister has not told the truth. The point is that the person in question, namely, Exelby, has denied at least one if not two of the statements to a reputable newspaper and has said that the statement made by the minister as given to him by officers of his department is untrue. I therefore say to the hon. member for Greenwood that the truth has not been established. It may well be that some of the statements made to the press by Exelby were not accurate. I simply wanted to rise not so the Minister of Labour will think that I am accusing him but rather to say that I realize that he gave information that came from his own officers; and I repeat, whether in equity or whether in law, it was in breach of the statute and should not be allowed.

Mr. Benidickson: Let us clear up the matter in the committee on industrial relations.

Mr. Speakman: May I put a question to the hon. member.

The Deputy Chairman: The hon. member for Peterborough has the floor.

Mr. Pitman: I was hoping to begin my remarks on the estimates of the Department of Labour by offering congratulations to the national employment service, and I still wish to do so. I have a good deal to do with officials of the national employment service. I have found them to be most kindly and most effective in their work. One of the things about which I have been most happy is the fact that employees of the national employment service have not begun to act as they did back in the thirties when there was large scale unemployment and to treat workers who came to them with an air of superiority. I have had much experience with the operations of the employment service and I think it is something for which the Minister of Labour can be congratulated.

However, this is the particular problem which I see in this whole situation before us. I would not go as far as to say that the minister has broken the law. However, I would say that he has committed an indiscretion. He has lowered public opinion across this nation of the national employment service employee. I wonder whether people who go into these offices are not going to be rather concerned about giving personal information to these employees, fearing lest the facts disclosed may be made public on the floor of the house, through newspapers or any other medium. I think we have reached the nub of this whole problem. I congratulate the Minister of Labour on the fact that he changed the directive which would not have allowed members of parliament to obtain information. Surely, members of parliament, when going to national employment service employees and asking for information, regard that information as confidential; and surely people at the local national employment service offices in giving information are not going to expect that their member is going to march into that office, find out some pertinent information and then spread it across the local press. If I believed that, I think members of parliament would go into the national employment service offices on a number of occasions which would embarrass this government. The tragedy of this matter is not that what Mr. Exelby said in front of the television camera was evidently or seemingly untrue. The tragedy is that it has brought disrepute on people who are suffering. If the C.B.C. had looked far enough, I am sure they could have found other people.

An hon. Member: Why did they not do so?

Mr. Pitman: I am sorry but I have nothing to do with the C.B.C. I would also suggest that the C.B.C. should bear the brunt of this particular criticism. Perhaps at the same time as I say that I should say that we in a sense have created the situation because the unemployed have a fierce pride. They went through the forties and the fifties believing that unemployment would never come to them, that they were living in a democratic state in an economy that would never let them down, that unemployment insurance would see them through. They do not want to go in front of television cameras except, evidently, people like Mr. Exelby.

I know that we have a local board which tries to find the facts about unemployed families, to get the facts from people who are unemployed. What happens? They could not find one single person who would open his mouth. I have heard people say "Where are your unemployed?" We do not see line-ups of unemployed on the street. No, they are not on the street. They believe that the day of soup kitchens and line-ups by reason of unemployment are over. This government gave them reason to believe that they were over in the election campaign of 1957 and 1958.

No, we do not have to blame the national employment service. That was not the reason why the statement was made. We have a grave situation for the national employment service. I say that the Minister of Labour went much farther than was necessary. He

was asked about the circumstances of Mr. Exelby. The circumstances had nothing to do with what Mr. Exelby said to his former employer when he left the service of that employer, when he said there was no future in this particular line of work as advertising agent or whatever it was; that is the real tragedy.

This is what I am wondering about. We are entering into an era of more and more government concern or more and more government planning. This will depend upon more and more information being given by individuals and corporations. Are we going to lose all concern for the rights of people who give information that can be passed on to others who need that information, such as the record of an employee given to a future employer? Are we not going to be in a position where people will be afraid to give information because of what may appear the next day on television or in the newspapers? Have we lost all interest in and all concern for the individual rights of people in this nation? Are we becoming so thin skinned as a government that we cannot now see anything on television without concern?

Are we going to have people standing up complaining every time there is a C.B.C. play about fishermen? Are we going to have the Minister of Fisheries stand up and tell us that because the hold was only half full it does not really give the picture of fishing on the west coast? Are we going to have this continual defence of everything coming out of television and through the public press? Are we going to have a full scale investigation of individuals who put on interviews for the C.B.C.? Are our skins getting so thin as that? Or is it the thought that parliament is so great that we are overlooked and we now have to defend, whether it is television broadcasts or newspaper reports.

An hon. Member: We want to get the truth.

Mr. Pitman: In answer to the hon. member may I say yes, we want the truth. But do you ever get the full truth?

An hon. Member: From the press.

Mr. Pitman: Is not any interpretation only a partial picture from the point of view of that person who makes it? Can you give the history of the employment record of every single person who may be brought before a television camera? I would be the first to admit that that particular incident on the C.B.C. the other night was an unfortunate incident. The tragedy is that it brought disrepute on the unemployed and led people to believe that this was the picture of the unemployed, given by a man who evidently does not have too great a concern for the truth. That is the tragedy; but there is nothing on television or in the newspapers which is the whole truth and nothing but the truth. To that extent I think we have to recognize that we do not live in a perfect world.

Mr. Henderson: On a point of order, Mr. Chairman, does not the hon. member think it would be awfully easy if they just put on television—

The Deputy Chairman: Order. I will have to ask the hon. member for Cariboo to resume his seat. That is not a point of order.

Mr. Pitman: Mr. Chairman, I should be very glad to answer the hon. member for Cariboo if he wishes to ask me a question. I am concerned with the truth, and I think all hon. gentlemen on this side of the chamber are concerned with the truth. At the present moment I should say that the truth has been dealt a greater blow through people in this country thinking this is the extent to which the C.B.C. concerns itself with the truth, and to the extent to which the unemployed are led to prevaricate for the sake of—

Mr. Henderson: Last year there was a case in which the woman concerned had to admit it was all false. That was just a year ago. Don't you think—

The Deputy Chairman: Order. I would remind the hon. member that we are on the estimates of the Department of Labour and we are not concerned with broadcasting.

Mr. Pitman: Mr. Chairman, I suggest to the hon. member for Cariboo that his questions would be better directed to the Minister of National Revenue, because I have nothing to do with these matters. Perhaps we could widen the area of discussion in regard to the estimates of the Department of Labour.

Mr. Henderson: I will talk to you outside.

Mr. Pitman: I think the Department of Labour is going to be one of the most difficult departments in the government with which to concern oneself in the years to come. Mr. James S. Band, deputy minister of welfare for the province of Ontario has suggested that in the next decade automation is going to replace four out of five industrial workers. We do not seem to be able to do anything about our problem of seasonal employment. We realize that every four years we have a period of cyclical unemployment and every time this gets worse. There is a greater number of unemployed after

each of these depressions and recessions, and in fact we never really fully recover from them.

Looking at the estimates of the Department of Labour I cannot see that this department is really facing up to this situation. As hon. members of the official opposition have suggested, this government has not recognized it as a national emergency. I think what we need in this country is a full realization that this is our No. 1 problem. I think we should have a meeting or conference, something on the scale of the Gordon commission, to look at this problem facing our nation and to ascertain what the unemployment situation is going to be over the next ten or 20 years. It should not be just an economic survey but a full scale inquiry concerned with the problem of unemployment. I realize that other surveys are going on, but surely we could project our plans and commitments over the next five or ten years and give this government or whatever government is in power some idea of what is necessary to solve the problem.

Before we can do anything, surely we have to recognize what is going to develop in this country over the next five or ten years. I am convinced that winter works programs, which were a drop in the bucket last year and are this year two drops in the bucket, are not going to be a solution to this problem. The minister suggested that 200,000 jobs were provided by the winter works program, but in one particular constituency, my own, these jobs were on a six weeks' basis. They tried to pass the jobs around to as many people as possible. Does the figure of 200,000 people employed on winter works programs include those people who had just six weeks' work? If that is the basis on which this number was computed, perhaps that is an area where we should have an actual break-down in the number of jobs, the number of people who tok those jobs and the length of time for which they were employed.

Mr. Thrasher: On a point of order, Mr. Chairman, the minister said in the house that this information would be made available to hon. members.

Mr. Pitman: Thank you very much. I must have missed that. As I say, to consider work on the winter works program is, I think, completely irrelevant. Too often it was not work that had to be done. There is also confusion here which I think is very important affecting the Department of Labour. That is the confusion between work and welfare. Until we in this country gain some respect for work and labour I am afraid we are never going to be able to compete with other countries in the world in our development. One of the things I have come to dislike about the winter works program is the fact that too many jobs are being carried out. In other words, we have the men digging somewhere when that work could be done by a bulldozer with one man. We employ ten men with picks and shovels simply because that way we will employ an extra nine men rather than put them on the welfare lists. Perhaps that is a good thing. In other ways it is not a good thing because I do not think any man has much respect for the service he is giving to his community when he knows he is being employed simply because the government does not want to give him a hand-out in some other way.

This is not the answer to the kind of economic problems we are going to have over the next five or ten years. Even the winter works projects were restrictive. I know one community which wanted to acquire an area for industrial redevelopment. This was not allowed. This was the kind of job which could have been done and in connection with which men could have been employed. But the program was too restrictive and as a result the project was not allowed under the winter works program.

Also, I think that leaving it to the municipalities is not the way to deal with this problem. The municipalities are overburdened with their own problems and the costs of overseeing the whole project are far too great for them. The responsibility should not be left to them.

I should now like to turn to another phase of the estimates of the Department of Labour. I refer to the retraining scheme brought in last session. I supported this retraining scheme with considerable enthusiasm at the time the legislation was brought in. However, I must say that my enthusiasm has been dampened over the last few weeks because I have failed to see anything very dynamic being done in the scheme.

I should like to repeat the words of the Minister of Labour quoted in a news release put out by his department. The minister said:

> We are now in a period when we can no longer afford the luxuries of indifferent preparation and use of our manpower resources.
>
> Local school boards and departments of education find it difficult to work adequately in the light of national needs. Business and industry work within their own interests. Without some co-ordinated planning and effort beyond what can be given by ten different school systems considerable confusion will probably be our lot.

Is not that exactly what we have done? The federal government has taken no more responsibility in this regard than simply handing money to the provinces, who in turn have handed it to the municipalities.

What kind of co-ordination do we have on that basis? The minister went on to say:

> We are in competition with nations of the world where the development of human resources is planned on a broad scale. In these countries the development of manpower potential is given a high priority and technical and vocational training is a continuing process from school through years of employment.

That is the very point. There is no national co-ordination. We do not know where we are going. When a group of unemployed people desire a retraining scheme—and I congratulate them for their enthusiasm—the local municipalities have to deal with the matter. They are interested in the program, but they are also overburdened with their own problems. This is no help to a group of people who have been working hard in one job and want to work hard in another.

Then there is this point. How do the municipalities know what are the national needs? They simply look for something which seems to fit, and you have municipalities training welders when there are already welders on the streets looking for work. If for the next ten years the municipalities were given statistics of the needs, we would have a regulated system. At the moment there are completely unregulated programs going on in little areas—none of which are going in any particular direction with any particular knowledge of what they are doing. In other words, I suggest that we are going simultaneously in a great many directions, spending a great deal of money and, consequently, not getting anywhere.

An example of the type of thing we have been doing is illustrated in Cornwall. I hope the hon. member for Stormont will correct me if I am wrong about this. They are there giving courses in barbering and meat-cutting to a limited number of people. In Brantford, 75 people are taking part in a retraining program in connection with radio and technical courses. I believe there are four courses. One course is for radio electronics and I believe another is for stenographic services.

They have no real knowledge of what they are doing. That is the trouble with this whole matter; there is confusion among the people who are to be retrained in these little municipal areas all over the country. These people will go out and find they cannot even get a job with the new skill they have acquired because this skill is already possessed by thousands of people who are on the labour market. Then there is also the question that automation has taken over in that particular job.

I think this problem has to be seriously considered. It has been said that education is a provincial matter. Yes, education is a provincial matter, but training is not education.

[Mr. Pitman.]

There is a difference between training and education. Training welders has very little to do with culture, very little to do with language and certainly nothing to do with religion. This is an area where a national program should be effected in terms of its organization. Who should be organizing it? Probably the mayor of the city. He, and people like him will be stuck with trying to work this training plan for the unemployed.

It may be an *ad hoc* solution, but is it a national solution? I do not think so. These people have not the time, and they have no idea what direction they should take. This is one field where you should have specialists, where people who have a real knowledge of the problem should move into the area and relate the needs of those to be trained to the needs of the nation as a whole and then set up a scheme adaptable to those requirements. Nothing of the sort envisaged by the present government is going to provide a solution of that kind. In any event, such a project will cost a great deal of money, and some are going to ask: is it worth it? May I read something written by Lord Beveridge which seems to me to be relevant?

> To submit to unemployment or slums or want, to let children go hungry or the sick unattended for fear of increasing the internal national debt is to lose all sense of values.

I certainly agree with that comment. What are the solutions? Perhaps I might also read the following:

> —The state is obliged in as great a measure as possible to provide employment through public works which are useful to the community, and to facilitate, through advice and in other ways, the hiring of those who seek work.

That was a quotation from Pope Pius XII. What is the cost of unemployment? We shall be paying this cost, not so much now as in five or ten years from now. A Catholic service bureau in the Peterborough constituency accomplished a considerable piece of work when it undertook a survey of so-called "down and out" people. The bureau discovered that the great majority of these people had lost their jobs at the age of 35, or 40, and had never really got back into society. Instead they had become a burden to the community and dependent upon the social services provided.

What about the cost to business? We know that the rate of business failures has reached a level not known in the last 20 years. The rate of failure was 18 per cent higher than in January of last year. Doctors find their bills are not paid; teachers find their classes are crowded with people who have no hope of getting jobs and who are cluttering up the education system.

We are still mesmerized by the idea of a welfare state. It is ironic, but we still think that welfare is the answer and we are rushing to try to establish a welfare state at a time when the welfare state is to a large extent outmoded and ineffective in the twentieth century. I am not suggesting that payments now being made should be discontinued, but we have to plan so as to reach a stage where such payments will not be necessary. Let us take the present trends to a final conclusion; we shall find one quarter of the population working and paying unemployment insurance and three quarters of the population collecting it, on the basis of all that is being said about the changing labour markets today. This is the picture, and it is no use talking about socialism and free enterprise, because neither of those words has any reference to realities in Canada today.

We are still mouthing words which have absolutely no connotation.

When the Leader of the Opposition says we can work only in a free enterprise economic structure, that means nothing. We have not got a free enterprise system. No one wants socialism, either. What we do want is an intelligently planned economy which would make proper provision for the needs of our citizens.

I am surprised that so many references have been made recently to President Kennedy. I am surprised at all this enthusiasm for leftwing thinking. The Conservatives here usually regard themselves as being to the political right, but in the United States Mr. Kennedy is now being accused of being in the hands of labour. He is criticized as being too greatly under the influence of whitecollar socialists from Harvard. That is the sort of thing they are saying about Kennedy now.

Mr. Benidickson: Liberal, not socialist.

Mr. Pitman: I am only quoting from the news release I saw. In fact, Mr. Kennedy has congratulated labour on its ethical code and has suggested that business could take a leaf out of labour's book in this respect. Though it is strange to see the government rushing into the arms of Mr. Kennedy it is not without historical precedent, because in the thirties when Mr. Roosevelt was introducing certain reforms Mr. Bennett suddenly became very concerned about what was happening south of the border and tried as best he could to copy what Mr. Roosevelt had done, though he forgot about the B.N.A. Act in the process. So what we have seen in the last day or two is not unhistorical.

I suggest, however, that there is a great difference between what Kennedy is doing and what we are doing here. Even though we may have taken some of the steps Kennedy is taking, those steps, however well intentioned, solve nothing because we never carry them out with imagination, or feeling, or enthusiasm. We simply go through the motions, mouth a few phrases and take a few faltering steps. Our efforts to put on a bold front are not convincing, and I am afraid that the kind of leadership being provided today by Mr. Kennedy is not the kind of leadership we are getting here in Canada.

Until new concepts have been adopted it is idle to look for any real change in the estimates of the Department of Labour.

Mr. Macdonnell: Perhaps I may intervene to comment briefly on what was said earlier by the hon. member for Laurier. If I remember rightly, the hon. gentleman quoted me as saying, in relation to what the minister had said, "Although the law has been breached—" and so on. What I intended to say, and what I think I said was: "Even if the law has been breached in some narrow, technical way—". Of course, the minister did not think it had been breached at all.

Progress reported.

LOTTERY

PROVISION FOR ESTABLISHMENT OF CANADIAN LOTTERY COMMISSION

Mr. L. J. Pigeon moved the second reading of Bill No. C-18, to provide for a Canadian lottery.

He said:

(Translation):

Mr. Speaker, in introducing this bill to the house, I cannot help remembering the many remarks made to me since I first mentioned my intention to have lotteries made legal in Canada.

Like my colleagues, I appreciate that, according to the letter and spirit of the Criminal Code we now have in Canada, it is illegal to organize, promote or allow lotteries. It is not my intention to recommend any infringement of the law. On the contrary, it is by submission to the law that we can best serve our political and parliamentary institutions. Now, Mr. Speaker, it is precisely because I am a staunch upholder of the law that I am moving this bill to have certain lotteries legalized.

This project first came to my mind when I was given a brief by the Joliette local of the national syndicates in 1958, recommending the establishment of a national lottery.

I have also read in the press that the international brotherhoods of railway employees have recommended a government lottery. The purpose of this bill is to provide for the establishment and operation of a Canadian lottery and sweepstakes. The bill provides that the governor in council shall appoint ten members of parliament to serve without pay as a commission; the commission would use the staff, property and facilities of the Canadian government and crown corporations to carry out its operations. After allowance for prizes, profits are apportioned among family allowance recipients and so on.

And then you could add to this bill—this is a matter of detail in case a lottery should become legal in Canada and a national lottery was established—that tickets could be sold through post offices, "caisses populaires" or banks.

As you all know, some time ago a large daily newspaper in Quebec, that is *La Presse*, investigated the matter and found that 98,780 people were in favour of a provincial lottery and 149 were against it. That was an unprecedented success.

I am sure that if *La Presse* had carried out such an investigation to find out whether the public was in favour of a national lottery, their success would also have been an unprecedented one.

La Presse certainly deserves to be congratulated for calling the public's attention to the matter, while making it possible to debate the matter and find out how it rates with public opinion.

I shall not go over all the arguments that were brought forth again and again in favour of or against a national lottery. I am fully aware that you know them as well as I do. I only want to point out that at one time lotteries were allowed in Canada and that the people who bought tickets then were not any more venturesome or reckless than the people today. There were quite a few lotteries, such as the people's lottery, the province of Quebec lottery, the popular lottery, the Mount Royal lottery, and all those lotteries paid thousands of dollars to the lucky winners, while the promoters collected thousands of dollars, generally used for charitable purposes.

I am not suggesting that the authorities of the time were wanting in foresight when they decided to prohibit lotteries in this country; nor am I suggesting that they were prompted by petty interests that had nothing to do with the lotteries themselves; I shall merely point out that the situation has changed since then.

Today, lotteries are illegal. And what happens? Tell me frankly. Is there any member in this house who has not been offered at some time or other lottery tickets from other countries? I shall not ask those who have bought tickets to rise, but you know as well as I do that this country is full of agents for foreign lotteries who sell millions of dollars worth of tickets annually and who drain our money out of the country. And yet hardly a month goes by without the papers reporting that Mr. So-and-so, perhaps the brother's father or Miss So-and-so won the grand prize in the Irish sweepstakes or the Navy lottery. In every case it is our dollars that are going out of the country. In our estimation about $90 million in Canadian money go to foreign countries every year. In my opinion, we must put a stop to that bleeding of the Canadian people's money to the profit of other countries.

Our people are neither more evil nor more timid than others, and they are as fascinated by games of chance as the people of France, the United States or South America.

Our people like to risk a few cents, even a few dollars, and that is so much money going out of Canada.

Don't you worry, our laws will never prevent our people from betting. They will bet on horses, boxers, hockey games and baseball games. There are even some who bet on federal elections.

The bill I have the honour to introduce in the house is not designed to encourage vice or make people spend. Such an idea is very far from my mind. This bill is based to some extent on the desire of our people, as elsewhere in the world, to bet on things that are particularly unpredictable, but where the element of chance can be reduced through serious study.

Between you and me, a bet is always a bet, and those who indulge in that game must be prepared to lose as well as to win.

Lotteries are the expression of that instinct people have of taking a chance, and often the risk is very slim in proportion to what it may yield.

In allowing the organization of national lotteries in Canada, for certain charitable or social purposes, or as mentioned in this bill to increase family allowances, the Canadian parliament would, at the same time, keep in Canada those thousands of dollars now going abroad, which would represent an important factor in our economy.

However, there is one thing we should not overlook. In order to be successful and efficient, a real lottery should cover the whole country. In fact, if the federal parliament decided to pass legislation to allow the provinces to organize lotteries within their territory, we would then be faced with a terrible problem of displacement of funds.

Just imagine for a moment that Quebec and Ontario should organize lotteries, in order to help hospitals or for other charitable purposes, while other provinces would not. What would happen? You know as well as I do, Mr. Speaker, that people of those provinces having no lotteries would hasten to buy tickets in provinces where lotteries exist and you would then have, within the country, important movements of funds, which might jeopardize the financial position of provinces having no lotteries. Such a situation would hardly be desirable.

However, this does not mean I am opposed to provincial lotteries.

Therefore, I believe that if the bill I have the honour to introduce is adopted—and I do hope it will be, naturally—I think the federal parliament will have to arrange for a huge national lottery to be held in order that all Canadians, from coast to coast, may have the opportunity of taking part in it. With one stone, we could kill two birds. We could help finance the charitable organizations selected, or attain such other purpose as may have been designated. Participating Canadians might have a chance to get the lucky ticket.

Here are, in a few words, Mr. Speaker, some of the reasons which prompted me to submit this bill. I wish we could all study it in the same spirit and with the same open mind.

I would also be grateful to the parliamentary secretary to the Minister of Justice (Mr. Bell) if he would, in the course of this debate, let us know what he thinks of this bill and the establishment of national lotteries in Canada.

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I wish to congratulate the two hon. members who have placed on the order paper resolutions to allow lotteries in Canada. I refer to the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) whose bill is now before the house, and the hon. member for Mackenzie River (Mr. Hardie), who is unfortunately kept home by sickness.

Mr. Speaker, I listened carefully to what the hon. member for Joliette-L'Assomption-Montcalm had to say. One can disagree with the views expressed by the hon. member in connection with the bill introduced today, but that is not the point. At this stage of the second reading of the bill, it is the principle of the legislation that should be discussed. And it is in that light that I want to talk briefly about the present bill.

The assertion of the hon. member that wagering and betting are here to stay cannot be denied. According to the hon. member, bets are taken even on federal election results. I would add that it is also the case with provincial election results. Perhaps the hon. member could have said more about this.

Mr. Speaker, like many other members of this house who are interested in this matter I am thinking of all the things that are needed in Canada, particularly in the provinces, and of the steps that could be taken to bring about new sources of revenues. Speaking of lotteries, one can admit nowadays that no genuine principle stands in the way of a lottery. I will even go a little further. Reference is made to an amendment to section 179 of the Criminal Code. That section to all practical purposes is inoperative at this time. Why then should we delude ourselves? Why not face the problem?

If I remember correctly, one of our learned professors of political economy, Mr. Edouard Montpetit, told us one day during a lesson on public economy: "The best law in the world becomes inoperative if it is not based on the psychology of the masses". It is quite clear that today—and we should be fair enough to admit it—we ourselves take a hand in foreign sweepstakes, whether they be Irish or English, in defiance of section 197 of the Criminal Code.

In these circumstances, I think we must be realistic and consider that question on the basis of our needs.

My hon. friend from Joliette-L'Assomption-Montcalm mentioned the poll initiated recently by the newspaper *La Presse* in the province of Quebec. It is quite revealing that close to 100,000 people who gave their name and address, expressed their wish to see a lottery organized in Quebec. That brings up a very important consideration. I see many problems at this time in the establishment

of a federal lottery. We must have regard for the views expressed by some provinces which do not seem prepared to agree. Well, in Quebec, we are ready and I do not see why an amendment to the Criminal Code could not be introduced permitting the establishment of a lottery in order to give effect to the wish expressed by the people of the province of Quebec.

In answer to a question I addressed him recently, the Minister of Justice (Mr. Fulton) replied that as a matter of fact, he had exchanged unofficial communications with some premiers on the matter of a lottery. On the other hand, the premier of Quebec stated himself recently that he had talked the question over with the Minister of Justice.

If Quebec taxpayers are in favour of this idea, if the legislature of the province of Quebec is in favour of a lottery, I trust that the premier of Quebec will make a formal request for it to the federal government.

During the discussion on the Canadian bill of rights, several hon. members would have liked to have a national bill of rights, and we recall that the Right Hon. Prime Minister (Mr. Diefenbaker) then said: "For our part, we are ready. There are certain provinces which apparently are not ready yet. So, we will take the lead."

And, to go one better, at the recent federal-provincial conference the Prime Minister said to the premiers: "You will now have the task of finding your income sources in your respective provinces."

Consequently, this is a way to enable the people of Quebec to get organized, a way to meet their wishes and their needs.

Since we have to decide at this stage on the principle of lotteries, I trust that all hon. members will wish to make known the assent of this house. This is a popular question in Canada today.

May I point out to my hon. friends that many newspapers report the reactions of many Canadians to the effect that there is nothing more deplorable than certain bills submitted to this house being talked out without any decision being arrived at.

On this question of lottery, why should we not take our responsibilities, why should we not adopt today the principle of the bill introduced by the hon. member for Joliette-L'Assomption-Montcalm?

[Mr. Deschatelets.]

I do not wish to unduly lengthen this speech but in conclusion, I simply want to read a few lines from an item that appeared in *La Presse* of February 15, following a public poll held in the province of Quebec. The article reads as follows:

> Quebec is in favour of a lottery and that is something that the people's representatives, whether they sit on municipal councils, in the provincial legislature or in the House of Commons, must or should realize. Since that poll enabled the taxpayers to enlighten their representatives, they in turn, are bound to inform their governments and bring the necessary pressure to bear upon them.
>
> Is there any need to spell it out? That question is beyond all party politics.

Mr. Speaker, before concluding my remarks, I wish to say that, to a certain extent, the members are bound by the wish or will of the taxpayers when it is clearly indicated.

Well, those of us particularly who are from Quebec, have received a very clear mandate to try to obtain, through our pressures and requests, that section 179 of the Criminal Code be amended, in order to allow the establishment of a lottery. That is what we are doing today, that is what I, for one, am doing, and what I intend to do whenever the opportunity arises. And I hope, as I said a moment ago, that before long the province of Quebec, through the action of its legislature, will submit to the government of Canada an official request indicating the wish and will of the province of Quebec to establish a lottery in that province.

(Text):

Mr. D. M. Fisher (Port Arthur): About 230 years ago an English writer, Henry Fielding, turned out a verse that expressed some opinion on lotteries and it might be well to lead off by reading that verse:

> A lottery is a taxation
> Upon all the fools in creation;
> And heaven be praised
> It is easily raised.
> Credulity's always in fashion
> For folly's a fund,
> Will never lose ground,
> While fools are so rife in the nation.

This is a most interesting bill that the hon. member has introduced. I think perhaps the most intriguing part of it is that it would tend to encourage something which we had on a much larger scale in Toronto in the thirties when everyone there was much exercised about the baby derby. There were prizes put up by a well known Torontonian which led to a test amongst the mothers to see who could have the most children in so many years. This was a rather outrageous situation

but it led to giving the popular press a great deal of scope for publicity and we certainly learned a lot about the problems of mothers who have children on such a regular basis.

The purpose of this bill would really be to provide funds for those parents who had large families—

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

Mr. Fisher: Yes.

Mr. Pigeon: Is the hon. member in favour of this bill at this point?

Mr. Fisher: I am going to give the subject fairly complete coverage and I will tell the hon. member where I stand. It seems to me that the purpose to which the lottery would be dedicated is such a highly specialized one that I feel I could be much more sympathetic to the bill the hon. member introduced last year. As he will remember, that bill was linked more directly with charitable purposes. In so far as lotteries are concerned, it seems to me any lottery is a form of gambling. The participants pay money for the privilege of trying for prizes which are given on the basis of chance. There is no skill or cleverness required. Such sweepstakes are based completely on chance.

A prime example of this practice right across the country is the game of bingo. There are all kinds of games going on at the present time that are very much like this game of chance. I think everybody in the House of Commons knows that one is continually being solicited to buy tickets for hockey pools, football pools, the Irish sweepstakes and the very well known Quebec sweepstakes. The point of my remarks is that gambling seems to be inherent in the human nature. There was an article in the Montreal press the other day based upon the theory that the four men who had been murdered in recent weeks were tied up with the numbers game racket. I believe that is some form of lottery.

Surely there is not an hon. member who has not some organization in his home town that is dunning him to buy a ticket for something like an afghan, a bond or a car. The prevalence of these things in the world today is tremendous. If, as Fielding said, lottery is a taxation upon all the fools in creation, then Canada is loaded with fools. The whole question seems to be involved in the approach the hon. member is taking and I think, myself, that in so far as the problem of football pools is concerned—which seems to be involved in the negotiations between Mr. Lesage and the Minister of Justice (Mr. Fulton)—we should put this on some kind of legal basis and get the most out of it.

The question as to whether it should be put on a legal basis is the real crux of the matter. We can look to examples in other democracies that have a longer tradition than our own. At the present time in Great Britain the equivalent of the Minister of Finance has his own field of lottery because if you buy government bonds you are entitled to participate in a draw and if the serial number of your bond is drawn you may earn a substantial sum of money as well as invest in the nation. Ever since 1934 Sweden has had a semi-official lottery and the proceeds are used to support certain charitable institutions. In Britain itself there are the football pools which are an example of a lottery. Some of us think there is an element or a modicum of skill in it, although I think it is capable of exaggeration. When I was in England for several years I enjoyed playing the football pools. I looked forward to the regular custom early in the week of filling out my chart. I do not feel it harmed me or any of the millions of the people in Britain who take part in these particular football pools.

The main reason for the banning of the old lotteries, especially in England in 1823, was the triumph of puritan middle class morality. The other factor that was involved was that legalized forms of gambling of another kind connected with dog racing or horse racing came into effect and the jockey clubs have always been the bitter enemies of the lotteries because they siphoned off a great deal of their take. I have always been amused by the fact that horsemen improving the breed for racing purposes must depend so much upon the gambling revenue that comes in from the tote machines, the pari-mutuel or whatever the system may be. There is nothing wrong with this, and it has been established as a legal form of gambling in Canada for many years. What is the difference between gambling on a horse and buying a ticket on a lottery? Apparently it is the modicum of skill that is involved. I have not met so many successful horseplayers who were satisfied with their skill that one could be really sure on this point. This seems to be the only distinguishing mark we can make between buying a lottery ticket and taking a flyer on a horse.

Here again the British are much more liberal and open about this. It is possible to get in touch with a bookie very easily at the racetrack, the corner store or at some official betting agency. Again, I do not believe Britain has had any great moral breakdown or corruption as a result of this form of gambling, that is what you might call the skilled kind of gambling. This would suggest

to me that those who feel that the legalization of lotteries would lead to a break-down in morality are all wrong.

I do not feel that the reasons for the strong opposition to lotteries by the Protestant sects are so related to theological subjects as they are to certain moral rules. Superficially, it might appear strange that religious groups stressing the freedom of the individual to choose his own means of finding God and insisting on the individual's right to worship in his own way should be their brother's keeper in the field of morals. A similar attitude was once noticeable toward insurance, card playing, dancing and still exists toward the drinking of alcoholic beverages. We still have within the protestant sects moral rules that condemn these practices.

I think all who have looked at it historically are aware of the fact this is part of the puritan tradition which is over four centuries old and which still has a great deal of vitality in this country. I think Roman Catholicism tends to take a less jaundiced view of drinking and gambling, perhaps assuming from its long history that these are minor vices.

The Catholic and Protestant attitudes are pertinent to any assessment of the chances for legal lotteries in Canada because strongest support for them comes from Catholic Quebec, strongest opposition from the organized Protestant clergy in the rest of Canada and from newspaper editors who follow their lead. If hon. members want illustrations of this fact, they could go to the various reports of committees which were held and which went into this subject fairly thoroughly. They will find that most of the strongest opposition to lotteries came from mostly ministerial spokesmen for the Protestant groups.

Clergymen and newspaper editors are very influential in swaying legislatures. However, it is also a fact that the moral code of today is less stern than it was 30 years, 40 years or 50 years ago. I think many of us who have followed the newspapers would agree that the newspaper editors have not led the way in relaxing the morals code. In the advertising pages I think there has been a move towards relaxation but not in the editorial pages. I think the same thing holds good in so far as the protestant clergy are concerned.

In recent decades the province of Quebec has taken a great interest in lotteries and several times the provincial government there has tried to have passed bills that would make them legal. The Criminal Code is drawn up by parliament in Ottawa. However, it is put in practice through provincial attorneys general. I think this is one reason why, if you get a province that takes a lenient view of lotteries or raffles, it is unlikely that you will ever get any lottery promoters prosecuted. I think this is why in Quebec you have so many lotteries or raffles. I know that the few times I have been in Montreal during the hockey season there seemed to be a bewildering variety of lotteries or hockey pools in operation. I think the same situation applies in almost all big cities.

The last time that lotteries were a big political issue in Ottawa was back in 1934 when the Senate sent to the House of Commons a bill that would have let provincial authorities set their own course with any lotteries designed for aiding hospitals. I have here copies of that bill and I actually intended to introduce the same bill this year until I discovered that my intention had been, let us say, preceded by the intention of the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) and by the hon. member for Vancouver-Kingsway (Mr. Browne). In 1934 Mr. Bennett was prime minister and Mr. Mackenzie King was leader of the opposition. They let it be known that the whole matter was going to be decided on a free vote. The measure was defeated, 105 votes to 57 votes, with almost all the support coming from Quebec members. The vote might have been closer if Mr. Bennett and Mr. King each, as private members, had not spoken against it. Mr. Bennett stressed that his decision was based not on "absolute right or wrong", but on the fact that lotteries had a sorry history, as indeed they have back in the 19th century even in Britain and in Italy. Mr. King was concerned, as one might imagine he would be, knowing the delicate nature of his sensitivities, with the unsettling nature of lotteries. He said:

> What we require in the affairs of individuals and of the nation is less of uncertainty and more of certainty . . . less of reliance on chance and luck, and more reliance on judgment and effort.

That is in context the Protestant ministerial moral line on the whole matter of lotteries. Mr. King went on to state a theme that ran throughout the entire debate of the subject:

> There is no doubt that much of the distress of the times has come about through excessive speculation . . . for too many people . . . have got into the habit or relying upon chance and gambling in one form or another.

The Canadian parliament, influenced by the great crash of 1929 and the subsequent depression, identified the basis of sweepstakes with stock-market speculation. As Mr. J. S. Woodsworth, leader of the C.C.F., put it, if one decried the one, one had to decry the other; that is, if one was against playing the stock market, one pretty well had to be against the idea of the lottery.

Actually, the vital difference between a sweepstake and a stock market speculation is that the latter, like bridge-playing, chess, or even betting on the horses, allows some room for skill or inside knowledge. For some reason, this tends to give such forms of gambling a superior prestige over the forms that are based on pure chance. Depending on the prosperity of your society at the time, there is greater or smaller concern over the fact that no matter how skilful the speculation, it is true in most cases that someone has to lose. One should remember that at one time the insurance business had to be conducted secretly because it was considered to involve forbidden wagers against the outcome of events. Even joint stock companies were once held by religious authorities to be immoral organizations just as, I am sure all members of the house know, at one time Christianity condemned usury or the taking of interest.

In any discussion of the fundamentals of gambling one must come to grips with a mystery called nature. Nature, or the unpredictability of such things as weather and man's behaviour, has always made much of each person's life a gamble, or better, left it open to chance or luck. This is an element with which we are all extremely familiar. It is the common denominator of the whole human experience. I refer to this question of luck or chance. I think it is instinctive with us as human beings that we are willing to take a chance. I suppose the greatest gamble of all is what Haskell used; that is the greatest gamble was related to the belief that God existed. But whatever the case may be, we as human beings are always prepared to take these risks. Yet because of Puritan and moral concepts, we have hesitated to legalize these things and to set up any framework through which we can take decent advantage of them.

I would put it to members of this house that Fielding's remarks about lotteries being a taxation upon all the fools in creation may have some validity; but what sort of tax upon our foolishness is the situation in which four men are murdered in one of our modern cities because they are mixed up with something that is conducted below the level of the eyes of the law? It seems to me that we have strong grounds today, in judging human nature and the Canadian situation, for saying that it is time that we had lotteries and that we used the revenue from them for good and sound purposes. I can think of a number of sound purposes that are obvious; for instance in connection with hospitals, medical research and sports as the British and Swedes do with their football pools, with their general amateur athletic enterprises. In other words there are any number of good things that we could choose for our lotteries and I think such lotteries would strike the common denominator and interest of all Canadians.

Since 1946, the Canadian Institute of Public Opinion has held polls of public opinion on the question of government lotteries. In the first poll there was a majority of only 52 per cent but in the recent ones the appeal has become stronger and stronger. I have just forgotten the exact figures with regard to the last one, but it now appears that almost two thirds of Canadians whose opinions have been sampled by this particular organization would be in favour of some kind of lottery. One of the things that frightens me—

Mr. Macdonnell: May I ask the hon. member whether he is talking about lotteries with some public objective or just lotteries in general?

Mr. Fisher: I am talking about lotteries with a public objective; that is to say lotteries sponsored by the government. One of the problems in connection with legalizing lotteries is this. We might have the prospect of a whole host of various provincial lotteries.

This could create a great deal of difficulty. It would create difficulty, for example, if we had enabling legislation, through the Criminal Code, allowing provincial attorneys general to support this measure. We could have, say, a massive lottery for hospitals in Quebec. In order to reach out and give the lottery the widest possible financial basis they would be selling tickets right across the nation, one would hope and perhaps one would expect, and yet we would be faced with a problem something like that of the question of coloured or non-coloured margarine because these tickets would be going into other jurisdictions.

For that reason I feel strongly that if we are going to have a government lottery it would have to be somewhat along the line set out in the hon. member's bill; that is, something on a national rather than a provincial scale. But we would hope that the benefits of the lottery would go to institutions that might fall within the provincial framework.

Of course, one of the most important questions in relation to legalizing lotteries is this. What will legalized lotteries do to the illegal lotteries which support so many charitable and group association endeavours at the present time? It seems to me that this is something about which we know very little. An inquiry would almost of necessity have to be undertaken in this connection before we supported a measure such as this on

third reading. If we did have a large scale legal lottery in Canada, where tickets were sold across the breadth of the nation, what would this do to the church bingos, the ladies' raffles and even the political parties raffles? I know that all three political parties in our part of the country have at various times conducted, or are conducting raffles or lotteries of a sort. This question, of course, is something that I cannot assess.

However, I do not think a well established national lottery based upon something such as the Grey Cup or the Queen's Plate classic in the spring, or events such as these would necessarily interfere with local lotteries that are carried on at the present time and which in many places are the lifeblood of service clubs and associations.

I know that in our city every spring there is a contest sponsored by a reputable service club in which one has to guess when the first ship is going to arrive in the harbour. I understand that in one of the western provinces there is a very large lottery in connection with when the break-up is going to hit a certain place on the river. We do have these lotteries. My own feeling is that a national lottery based on three or four events would not cripple the lotteries held by other organizations.

In conclusion I should like to mention something about the British premium savings bonds. This is a form of government lottery. One of the odd things is that the Canadian government allows these British bonds to be sold in Canada. They can be purchased through a Canadian bank for dollars and any prize money will be paid in dollars. I understand the top prize is $14,000.

In other words, here in Canada you can play the British treasury's bond game. That is another example of a breach that has been made in this question of lotteries being illegal. It seems to me that we have here another instance of a situation where we are ready for legislation that recognizes the interest of the Canadian people on this whole question of lotteries.

I should like to congratulate the hon. member for sponsoring the bill. There is one part of the bill about which I and some of my colleagues are in a little doubt. That is the matter of whether the reward or surplus from the lotteries should be apportioned among family allowance recipients according to a scale that increases with the number of children in the family who are qualified to receive allowances.

Mr. Bell (Saint John-Albert): Mr. Speaker, may I ask the hon. member a question. The hon. member is no doubt aware that a lottery is held among members of parliament, and he has direct control over the result. The lottery is based on when parliament will end.

Mr. Fisher: I am quite aware of that. I am sure the hon. member also has some responsibility. I understand that government members are much more interested in this lottery than are hon. members of the opposition. Perhaps the hon. member would answer my question as to why that should be.

Mr. Bell (Saint John-Albert): We do the guessing and you do not; that is the reason.

Mr. Benidickson: You introduce the legislation, sometimes late.

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, in connection with this bill I should first like to say that I do not see any difference between lotteries and many other activities that are carried on today in our country. In this connection I share the same opinion as service clubs and many other people throughout the country.

Everyone is free to dispose of his money as he sees fit. It has been argued that life itself is a gamble. Whether you invest your money in trade, on the stock exchange or any other avenue of activity, you certainly take a chance. I do not think there is anything wrong in the principle of spending a little money on a lottery, say to the amount of one or two dollars a year. I will go further and say that in years of expensive living such as we are going through, there is something to be said in favour of allowing a person to introduce into his life the element of hope and ambition that comes to him from spending a little money on a lottery.

I remember buying a ticket on a car lottery. I paid $1 for the ticket and from the time I bought it to the time the car was raffled I dreamt all day that I was going to win that car. I received a great deal of enjoyment out of the dollar I spent on that ticket. I do not think it did me any harm, and I am sure that, like myself, many people received enjoyment although they did not win the car either.

We often read and hear about the Irish sweepstake results. I am very happy that many of the people who win are not in the rich class. As a result of being fortunate enough to win the sweepstake they are able to enjoy a happy time for the rest of their days. We also read that older people have been able to enjoy happiness for the rest of their lives through winning a sweepstake.

I feel that a lottery under government control, where a great share of the profits would go to the establishment of hospitals, their building and maintenance, to those people who are in need of welfare, to building homes for the aged, or to some other useful public

service, would be of great public benefit. The fact that the law governing lotteries is not being obeyed by the public proves that it is not a popular law. You cannot enforce a law that is against popular opinion.

You can trade on the stock exchange, you can bet on the horse races, or you can take part in the games of chance at fairs. You can do these things as much as you like and there seems to be no harm in them; there is no danger of demoralizing our young people. But when you buy one or two tickets on a lottery conducted by a public organization, it is said that our young people are being poisoned morally and socially.

I mentioned betting on the horse races. My hon. friend mentioned this and he said it was a matter of skill. I have been to the horse races and I have placed a $2 bet on the horses. I have seen other people bet $2 on the horses. Well, I did not collect very often. Sometimes you receive $4, but most of the time you see people there who cannot afford to be betting. They are betting on these horses coming in, and they cannot really afford it.

I am not by any means against horse racing, but I would draw to the attention of hon. members that if we are going to have one form of gambling, why cannot we have another? I have mentioned the games of chance to be found at fairs. That matter is a disgrace to this country. I am certainly against this type of betting. You go through these fairs and come to the barkers at the side-shows. You cannot get away from them. You take your family to the fair and go to the side-show and you hear the barker say, "Come on over and win. I will give you a free chance." You see there people who cannot afford to spend their money in this way. They walk over to the barker at the side-show and he says, "Here you are; now pick up a clothes pin". The fellow reaches over and picks up a clothes pin. The barker gets all excited and says, "Yes, you are fortunate You have just won $25. It has not cost you anything. Now, if you give me $5 you can have another clothespin to take off, and you might get a hundred." He gets another off, and the man says: "that is wonderful; now if you go on you have a chance of winning a wonderful wristwatch". It can go on like this for hour after hour, and I have seen ladies crying when they left those stands because their husbands had spent every penny in their pockets. We can allow this kind of thing yet we cannot allow people to spend a dollar on a sweeepstake ticket. What harm would there be in allowing the sale of sweepstake tickets at a dollar? You might win $140,000 and get some enjoyment out of it.

By legalizing lotteries in Canada we would first of all ensure large sums being made available for the maintenance of our hospitals and educational institutions, funds from a source which today contributes absolutely nothing to these purposes. In the second place, such a law would allow people to do legally what they are today doing illegally. I am referring, of course, to small pools on the results of hockey games, bingos and the like. In the third place, such legalisation would, to a large extent, stop the spending of Canadian money on tickets for lotteries run by other countries.

A lottery run under government supervision would mean honest and absolute control. It would attract to Canada millions of foreign dollars. It would supplement the dollars now being contributed by the taxpayer and bring millions into federal and provincial treasuries. In 1931 about $20 million was awarded in prize money in the Irish sweepstakes. More than $7,300,000 went to hospitals from the sale of tickets. We have hospitals and homes for the aged in this country. I read in the paper the other day that the city of Calgary has no more room for the sick in its hospitals and that cases have to be sent to Edmonton. We need hospitals, and how better could we raise the money than through sweepstakes restricted to once or twice a year, as the hon. member for Port Arthur (Mr. Fisher) suggested.

A royal commission formed to inquire into the sale of Irish sweepstake tickets in the United Kingdom found that the total sales in connection with the first eight sweepstakes amounted to approximately $90 million. That will illustrate how much money goes from one country to another when events of this kind are involved. If we permitted sweepstakes to be made legal in our country we would see this money coming into our treasuries to provide help for hospitals and other much needed projects.

No one can convince me that the spending of from $1 to $5 a year on lottery tickets by any citizen of this country will tend to demoralize him, his family or his neighbours. I wonder if the people who oppose lotteries have ever been shocked by the hopeless outlook of those of our fellow citizens who have lost their last nickel and mortgaged their future by gambling on the stock exchange, the grain exchange, the mining exchange and similar institutions. The hon. member for Port Arthur suggested that people were gambling on these things. Others say that a great deal of skill enters into it. That may be so, but after all there is skill attached to horse racing. However that may be, the percentage of people who gamble on these

exchanges when they clearly have not got the required skill must be very great.

Mr. Deschatelets: I wonder whether the hon. member realizes that if he continues to speak the house will be unable to vote on the principle of this bill?

Mr. Smallwood: I am sure the hon. gentleman is in favour of this bill. He has expressed his views and I believe he would want me to express all of mine. I have got a number of my views across so far—

An hon. Member: Six o'clock.

Mr. Smallwood: There has been a very interesting debate on this subject. Many good points have been raised. While I am sorry I have taken this extra minute or two, I think we have drawn some important opinions to the attention of the house and while this measure may not come to a vote today I am sure the knowledge of all hon. members has been increased a good deal as a result of this debate.

May I call it six o'clock?

BUSINESS OF THE HOUSE

Mr. Chevrier: I take it it is six o'clock. Perhaps I could ask the leader of the house whether the business as announced last night for Monday and Tuesday and the rest of next week is confirmed?

Mr. Churchill: I think we can be sure that the announcement of business for Monday and Tuesday stands.

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

ANSWER TO QUESTION

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

MILK SUBSIDY PAYMENTS

Question No. 122—**Mr. Boulanger:**

What has been the amount of subsidies paid for milk to the following condensed-milk processing firms: (a) Carnation Limited (b) Trino Limited (c) Dominion Exchange Dairies, during 1958, 1959, 1960?

Question

Answer by: **Hon. Alvin Hamilton (Minister of Agriculture):**

The subsidy of 25 cents per hundred pounds of milk used for manufacturing purposes is payable only to milk producers. The factory or factories receiving milk for manufacturing purposes, acting as agents of the agricultural stabilization board, pay the 25 cent subsidy and after proof of payment are reimbursed by the board. No subsidy has therefore been paid to the condensed milk processing firms referred to.

90205-6—184½

HOUSE OF COMMONS

Monday, March 13, 1961

The house met at 2.30 p.m.

BANKING AND COMMERCE

Second report of standing committee on banking and commerce—Mr. Cathers.

CIVIL SERVICE ACT

PERSONNEL OF SPECIAL COMMITTEE TO CONSIDER BILL NO. C-71

Mr. Theogene Ricard (St. Hyacinthe-Bagot) moved:

That the special committee to consider Bill C-71, an act respecting the civil service of Canada, established on 10th March, 1961 be composed of Mrs. Casselman and Messrs. Bell (Carleton), Campeau, Caron, Hicks, Keays, Macdonnell, MacLellan, Macquarrie, MacRae, Martel, McIlraith, More, Peters, Pickersgill, Richard (Ottawa East), Roberge, Rogers, Smith (Winnipeg North), Spencer, and Tardif.

Motion agreed to.

(Translation):

UNEMPLOYMENT INSURANCE ACT

AMENDMENT RESPECTING DEFINITION OF CONTRACT OF EMPLOYMENT

Mr. Gabriel Roberge (Megantic) moved for leave to introduce a bill entitled an act to amend the Unemployment Insurance Act.

Some hon. Members: Explain.

Mr. Roberge: Mr. Speaker, the purpose of this bill is to insert in the Unemployment Insurance Act the definition of the words "employee" and "employer" and, through the use of more general terms, to place the service contract and the rental of work in the category of insurable employment.

These amendments are being suggested in order to clarify and facilitate the interpretation of the act by making it more consistent with the intention of parliament when this legislation was passed in 1955.

Motion agreed to and bill read the first time.

(Text):

CANADIAN NATIONAL RAILWAYS

LAY-OFFS OF PERSONNEL, MONTREAL—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I beg leave to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the displacement of 160 employees—

Mr. Speaker: I am sorry to interrupt the hon. member, but I am just wondering whether his request would properly be made now. The rule says at the end of routine proceedings. I find that the hon. member is quite correct.

Mr. Chevrier: Thank you, Mr. Speaker. My motion to adjourn the house is for the purpose of discussing a definite matter of urgent public importance, namely the displacement of 160 employees of the Canadian National Railways at the main office on McGill street in Montreal through the substitution of contract labour, which appears to be part of a national pattern affecting employees of the Canadian National Railways across Canada. I would hope that Your Honour would give me permission to establish urgency in this case.

Mr. Speaker: I shall be glad to hear the hon. member. I assume that it is a matter of importance, but the urgency that is involved is urgency of debate. I think I should like to hear the hon. member on the question of whether or not this is one of the administrative responsibilities of the ministry. It seems to me that the point may well be taken that it is a decision of the Canadian National Railways on its own authority.

Mr. Chevrier: Mr. Speaker, I shall be glad to deal with those three points if the house will bear with me. Dealing first with the urgency of the matter, I should tell Your Honour that over the week end I received an urgent communication from the brotherhood of railway carmen of America, signed by the local chairman of Lodge 733, Mr. G. Gagnon, and by the president, Mr. H. Myerson.

In this communication two points among many others are made. The first is that these employees are gravely concerned about the announced intention of the Canadian National Railways in the Montreal area to effect layoffs and dismissals of the maintenance and cleaning personnel in the Montreal headquarters building coincidental with the sale of the building at 360 McGill street and the occupancy of the new office building adjacent to the Canadian National Railways station. It is pointed out in this communication that

160 employees are affected, and that unless something is done to stop the contract which is about to be given, if it has not already been given, for the new office building adjacent to the C.N.R. station their position will be an untenable one. It is pointed out that most of the people affected by the decision will be unable to find jobs elsewhere because of their age. They are for the most part over 40 years of age, and the majority of those affected are widows who are the sole support of their children.

Mr. Speaker: Order. If I may interrupt the hon. member. I think he need not labour the point as to the importance of the matter. The question is really one of urgency of debate. I take it that this decision has been made since the estimates of the Department of Labour were under discussion here last Friday.

Mr. Chevrier: Yes, sir.

Mr. Speaker: Therefore it is a matter which has arisen since then. The hon. member might direct his attention to the possibility for debate of this matter in the ordinary course of events, rather than interrupting the proceedings of the house. The other point—

Mr. Chevrier: I have not forgotten the other point, sir. We are dealing with urgency of debate, and Your Honour is quite familiar with the position in so far as discussion in the house is concerned. First there are the labour estimates under which this matter could ostensibly be discussed. The labour estimates have not been called this week and I presume they will not be called, in view of the information which was given on Thursday of last week. Nothing on the order paper indicates, therefore, that there is any possibility of discussing this matter under the labour estimates.

The next point is that the only other place where the matter can be discussed, if at all, is in the committee on railways, air lines and shipping owned and operated by the government. I think the Minister of Transport has indicated in the house that this committee will not sit until after the Easter recess. In any event, it has not been set up yet. As Your Honour knows, I attempted in a general way to deal with this matter on the establishment of the committee on railways, air lines and shipping, and my attention was drawn to the fact that while I could refer to lay-offs in a general way, I was not to go into the matter in detail. I did take exception to that ruling; none the less that seemed to be the decision. So there will not be any opportunity of discussing a matter of this nature until well after the Easter recess.

[Mr. Chevrier.]

Your Honour was quite right a moment ago in saying that this matter has arisen within the last day or so. It arose over the week end when the matter has been brought to our attention. Those are the two points that I make with reference to urgency of debate. There will be no opportunity from now until after the Easter recess to deal with the matter.

The third point which Your Honour has asked me to deal with concerns the administrative responsibility of the government. It seems to me that if this matter is not allowed under that heading, then it must of necessity follow that no matter affecting a crown corporation could be discussed under the heading of administrative responsibility of the government. Surely that is not the manner in which the rules have been applied. For instance, if a matter concerned the national harbours board or any other crown corporation, it could well be stated that this was not the administrative responsibility of the government.

I say to you, sir, that it is because, first, the responsibility must rest with the minister whose duty it is to answer for the Canadian National Railways in the House of Commons. Next, it is the government of Canada which owns the shares, on behalf of the people of Canada, of the Canadian National Railways. Third, the government itself is the owner of a number of railways, such as the Intercolonial and, I believe, the Hudson Bay Railway.

Thus I say, sir, with deference that under these three heads the rules allow us to discuss this matter. I should also like to add an additional reason, namely that this is national in its scope. While I have dealt so far only with the situation in Montreal, I have before me here evidence of a pattern which is similar in many other areas, particularly in the three districts affected by this action as they were known before reorganization, namely the eastern district, the central district and the western district where there have been lay-offs amounting to about 6 per cent per year in the staff and personnel of the railway.

There is one final point I should like to make. I think Your Honour has held on one or two occasions in the past that in discussing matters of this kind it is essential to establish not only that the motion be national in scope but that there be a certain confusion existing. My point is this: Thus far the government has indicated no intention on its part of telling the house what these lay-offs have amounted to, and in that respect there has been little or no information—

Mr. Speaker: I think that point is one which might arise if the hon. member is given leave, but not otherwise.

Mr. Argue: I wonder if I might say a word on the question of urgency.

Mr. Brunsden: Would the hon. member for Laurier permit a question?

Mr. Chevrier: Yes.

Mr. Brunsden: Did the letter which the hon. member referred to bear a Montreal postmark or a Chicago postmark?

Mr. Chevrier: Unfortunately I have not the envelope here but my memory is quite clear. It came from Montreal and not from Chicago. There is no doubt about that.

Mr. Speaker: Perhaps, while the hon. member is referring to the letter, he would tell me the date of the letter?

Mr. Chevrier: Yes. The date is March 9, and it is from the office of the local chairman of lodge No. 703, brotherhood of railway carmen of America, and he is Mr. G. Gagnon, of 4477 Bourbonnière street, Montreal. May I complete my answer to that question. The question has been asked, when did I receive the letter? I received the letter by special delivery on Sunday afternoon.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, there is no doubt that this is a Canadian matter, which seems to be an inference that might be taken from the question which has been raised. I have received a letter from the same organization and bearing the same signatures. For your benefit, Mr. Speaker, I may say I have also received a telegram dated Montreal, Quebec, March 10.

As to the question of the administrative responsibility of the government, I think the very fact that the president of the C.N.R. is brought before a committee of this house from year to year at the time when C.N.R. matters are discussed establishes beyond question that parliament itself can deal with important questions of C.N.R. administration.

As has already been pointed out, there is urgency attaching to such a debate because there will not be an occasion on which this question can be raised in the foreseeable future. I also submit this is an indication of a general pattern which has arisen across the country, namely that the C.N.R. is engaged in wholesale lay-offs that are adding to unemployment problems in the country and creating growing hardship among the people who have been dismissed.

I join with the hon. member for Laurier in submitting that this is a matter of urgent public importance. It is essential that it be dealt with and debated by parliament. It is certainly within the administrative competence of the government, and surely it is within the power of parliament to deal with general questions relating to the Canadian National Railways.

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, may I suggest that very careful consideration should be given to an attempt to adjourn the house such as the motion moved this afternoon by the hon. member for Laurier. Let us look at the situation. It appears to boil down to a case of a wire being sent to the hon. members for Laurier and Assiniboia by two men who happen to be officers of a union, and on the basis of that wire these two hon. members rise in the house and insist that we should abandon our plans for discussing public business today in order to consider the wire which has been sent in this manner.

Mr. Argue: To consider a matter of urgent public importance.

Mr. Green: Let the hon. member be silent and take his medicine. Surely the rule under which this motion is moved was never designed to meet a situation of this type. This procedure is supposed to be used only on rare occasions when there is a necessity and great urgency for debate. In years past motions to adjourn the house have not been accepted on more than perhaps two or three occasions in a session. Because the hon. member succeeded in getting away with another motion two weeks ago—

Some hon. Members: Order.

Mr. Green: —or rather succeeded in having a similar motion accepted two weeks ago—

Mr. Argue: A reflection on Mr. Speaker.

Mr. Green: I withdrew the words "got away with". In view of the success of hon. members opposite in having a similar motion accepted two weeks ago, I presume because this Monday is set aside for the discussion of private members' business they decided to make this attempt.

From time to time men are laid off. We all regret that. Members of the government do their best to avoid that happening. On every occasion when this happens are we to be faced with a motion to adjourn the house to discuss it for the rest of the day? This, I suggest, would be reducing to an absolute mockery the rules for the conduct of business in this house. I suggest that today is a good time to put a stop to attempts of this kind.

There is on today's order paper under "Government Business" item No. 9, a resolution for the setting up of a committee to consider the affairs of Canadian National Railways and Trans-Canada Air Lines. That motion has already been under discussion on one occasion within the last few days, and I

have no doubt it will be called again within the next few days. Discussion under that order of business will give ample opportunity to the hon. member for Laurier to raise the point which he seeks to raise today.

Mr. Chevrier: Will the minister permit a question? Is he aware of the ruling of the chair in connection with these matters, that a member may not go into detail so far as lay-offs on the C.N.R. are concerned but may discuss them in a general way only?

Mr. Green: I was not here at the time any such ruling was made, but the hon. member for Laurier has tried to broaden his motion in his remarks. He has tried to lay a basis or foundation encompassing the treatment of employees by the C.N.R. generally, and certainly that matter would be in order on a motion to set up the committee.

Another point is that questions such as these do not come directly under any minister, and nobody should know that better than the hon. member for Laurier—

Mr. Chevrier: That is not so.

Mr. Green: —because he was minister of transport for several years. Time after time when he was asked a question about the Canadian National Railways I have heard him get up in the house and say that he had to consult the president or other officials of the railway and that he could not possibly give an answer until he had done so. Today he has forgotten all about that and he comes here and expects us to deal with some administrative action by the officials of the Canadian National Railways without any opportunity to consult them. Oh, no; today the C.N.R. is entirely the responsibility of the government. There is no question today of the C.N.R. being a corporation operating on its own. This shows what a ridiculous attempt is being made today by the hon. member for Laurier.

In addition to the motion to set up the committee there is to be a supply motion a week from today, and the hon. member for Laurier and his pal from Assiniboia—it is very significant how as soon as one of them makes such a motion the other rushes to get on the band wagon and, of course, that has been done today—will then have the opportunity, either alone or in combination again, to move a motion of want of confidence in the government on this issue, but by that time they will be frying other fish; they will have forgotten all about this particular problem. There will be that opportunity a week from today, however, and I suggest that if we do not take the whole of today to talk about a wire which has been received signed by two individuals the whole process of democracy will not be upset. I suggest this is a lot of foolishness, and that this motion should not be accepted.

Mr. Speaker: I feel that I have heard enough from the hon. members to permit me to deal with the matter unless the hon. member for Laurier wishes to reply to some specific point made by the Acting Prime Minister.

Mr. Chevrier: If I may be allowed I should like to do so. There are two or three specific points to which I should like to reply and I will do so as quickly as I can. The main point is that the Acting Prime Minister has made it quite clear, I think, that there is an administrative responsibility on the part of the government because his whole argument in reply to mine left no other impression. He implied, for instance, that this matter should be taken up on a motion to go into supply which will not be until next Monday if the government so announces this as business for Monday, or in the alternative on the motion for the establishment of the committee on railways and shipping owned and operated by the government. So far as the latter suggestion is concerned, the Speaker and Deputy Speaker have already ruled clearly that the matter cannot be discussed then. The Acting Prime Minister also stated that this matter does not come under any minister.

Mr. Green: I did not say that.

Mr. Chevrier: I took down the words used by the Acting Prime Minister and he said that this matter did not come under any minister. There is a responsibility on the Minister of Transport to report to the house on matters affecting the Canadian National Railways. That has always been the case. It was the case when I was over there, just as it is now, and under that head it seems to me there is a responsibility on the part of the government.

The minister then asked whether every time such an event happens the government is to be faced with a motion such as the one now made. I suggest this is the first time such a motion has been made, and it has been moved not only because of what is happening in Montreal but because of the evidence I have here indicating that the same thing is happening in other parts of the country, in the west, in the central section, in Lauzon, in Moncton. As the whip says, it is happening everywhere that the C.N.R. has jurisdiction, as I will be able to establish if the opportunity is given to adjourn the house.

The final statement made by the Acting Prime Minister was that this motion was being moved because a couple of wires had been received. I did not receive any wire. I

made it quite clear that I got a special communication which came to me on Sunday afternoon. It is because of that communication that I consider this matter is urgent and have brought it to the attention of the house.

Mr. Campbell (Stormont): Mr. Speaker—

Mr. Speaker: Is the hon. member for Stormont supporting the request for leave?

Mr. Campbell (Stormont): Yes, Mr. Speaker. Surely—

Mr. Speaker: Order. If the hon. member for Stormont is supporting the request for leave I will hear him; otherwise not.

Mr. Campbell (Stormont): Indeed not, Mr. Speaker.

Mr. Speaker: The hon. member for Laurier, as he is entitled to do, has asked under standing order 26 for leave to move the adjournment of the house to discuss a definite matter of urgent public importance. Each of these requests must, of course, be dealt with on its own facts, and I do not have much difficulty in arriving at the conclusion that this is not a case where leave should be given.

In support of my view I remind the house that this is the sixth private members' Monday, and that to interrupt our ordinary proceedings there should be a clear case which warrants the setting aside of the planned business of the day because this is the last opportunity of this kind which private members will have to discuss their bills and motions. As I say, the case should be a clear one.

I raise the question of administrative responsibility. May I put the facts this way as I see them. First, I should say I am not clear whether the 160 employees referred to by the hon. member for Laurier have been laid off or whether there is a threat or a notice of intention to lay them off, but for my purposes it does not really make any difference. The problem of their employment is, of course, an important matter to them at least and of significance to the Montreal area. However, parliament has given to the Canadian National Railways the responsibility for administering the railway and included in administration is the responsibility for all labour policy. It is true that parliament can change the legislation but it is not true, as I see it, that the government can intervene to direct Canadian National Railways to do something different.

As hon. members will recall, the matter of lay-offs of employees of the Canadian National Railways arises very frequently during the question period, and the minister is always under the necessity of having to say that he will inquire from the C.N.R. to find out what their policy is and that he will bring back an answer to the house. It seems to me that citation 100, which indicates that such matters should relate to the administrative responsibility of the government, might be applied in this case in the sense that the responsibility is indirectly through parliament and not one on which a debate on a motion of this kind could have any direct effect or result. It would be necessary for parliament to amend its Canadian National Railways legislation, if an enforceable decision is to be made or an effective remedy applied.

That may not appeal to all hon. members as a correct summary of the situation, but in addition to that point I think that lay-offs of this kind, whether isolated or part of a pattern, are a continuing problem of employees of the government owned railway which will be coming before the house from time to time when it is sitting, and should be dealt with on the occasions on which it is possible to debate the administrative policies of the Canadian National Railways and the control of these policies by parliament.

I therefore regretfully have to refuse the hon. member leave.

MOTIONS FOR PAPERS

ORDERS IN COUNCIL FIXING DUTIES

Motion No. 50—**Mr. Benidickson:**

For copies of orders issued by the Minister of National Revenue since December 1, 1958, under the provisions of section 38 of the Customs Act for the purposes of fixing duties.

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): I would ask that the motion stand.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, you will observe that this is motion No. 50 and that the next motion is No. 71. I know very well that the Minister of National Revenue is in Washington today on important business, but I do not know what we have parliamentary secretaries for if it is not so that we can obtain answers of this kind without the delay that has occurred in regard to this one, and I would ask that the motion be put.

Mr. Lambert: As indicated by the minister last week, he wished to examine the documents because there was a point of procedure raised in connection with this matter. The minister has not been in a position to examine those documents, and on that basis I would ask that the motion stand until he returns.

Mr. Benidickson: Mr. Speaker, I do recall that this particular point was raised, and

would hope that the minister would be prepared to answer on Wednesday.

Motion stands.

DRUGS—REGULATIONS RESPECTING QUALITY CONTROL

Motion No. 71—**Mr. Howard:**

For a copy of the proposed regulations by the food and drug directorate of the Department of National Health and Welfare regarding the control of the quality of pharmaceuticals, and for a copy of all telegrams, correspondence, submissions, and other documents received by the department or the directorate regarding the said proposed regulations, and for a copy of all communications exchanged between the Minister of National Health and Welfare and the director of the food and drug directorate or any other person regarding the said proposed regulations, since July 1, 1960.

Hon. J. W. Monteith (Minister of National Health and Welfare): I am prepared to accept this motion subject to the usual reservation that communications within my department or with other federal government departments fall within a class that must be regarded as privileged.

Mr. Frank Howard (Skeena): Mr. Speaker, I feel that the exception the minister is asking for in effect deletes that part of the original request which has reference to the communications. I think those communications have a tremendous bearing on the subject itself, and I do not think I can proceed with the exception.

Mr. Speaker: The minister has indicated his willingness to accept the motion subject to the reservation regarding documents which are confidential, and generally regarded as such, within his department or between his department and other government departments. The hon. member who moved the motion has indicated his unwillingness to accept the motion with the reservation, in which event I would ask the minister whether he wishes to accept or reject the motion before I put it.

Mr. Monteith (Perth): I can only accept the motion subject to the reservation as I mentioned earlier.

Mr. Speaker: Is the house ready for the question?

The house divided on the motion (Mr. Howard) which was negatived on the following division:

YEAS

Messrs:

Argue
Fisher
Herridge
Howard
Martin (Timmins)
Peters
Pitman
Winch—8.

NAYS

Messrs:

Aiken
Anderson
Badanai
Baldwin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Benidickson
Bigg
Bourdages
Bourque
Brassard (Lapointe)
Broome
Browne (St. John's West)
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Caron
Carter
Cathers
Chambers
Charlton
Chevrier
Chown
Churchill
Clancy
Clermont
Coates
Comtois
Cooper
Creaghan
Danforth
Deschatelets
Drysdale
Dubois
Dumas
English
Fairfield
Fane
Fleming (Okanagan-Revelstoke)
Flemming (Royal)
Forbes
Grafftey
Green
Grenier
Grills
Gundlock
Habel
Hales
Halpenny
Hamilton (York West)
Harkness
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Jones
Jorgenson
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
LaMarsh, Miss
Lambert
Leduc
Legere
Lennard
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
Macquarrie
MacRae
McBain
McFarlane
McGee
McGrath
McLennan
McMillan
McPhillips
McQuillan
McWilliam
Mandziuk
Martineau
Matthews
Monteith (Perth)
Montgomery
More
Morris
Muir (Lisgar)
Nasserden
Nugent
O'Hurley
O'Leary
Ormiston
Pascoe
Payne
Phillips
Pickersgill
Pigeon
Pugh
Racine
Rapp
Regnier
Ricard
Roberge
Robichaud
Rogers
Rompre
Sevigny
Simpson
Skoreyko
Slogan
Smallwood
Smith (Lincoln)
Smith (Winnipeg North)
Southam
Speakman
Starr
Stearns
Stefanson
Stewart
Tardif
Tassé
Thomas
Thrasher
Tremblay
Tucker
Villeneuve
Webb
Weichel
White
Winkler
Woolliams—139.

[Mr. Benidickson.]

OTTAWA—EVACUATION PRIORITIES IN EVENT OF NUCLEAR WAR

Question No. 72—**Mr. Regier:**

For a listing of names and addresses on a priority basis of all those people who are supposed to be moved out of Ottawa to a supposedly safe place of refuge in case of a nuclear war.

Hon. Howard C. Green (Acting Prime Minister): If you will recall, Mr. Speaker, this motion was to stand until the return of the hon. member.

Mr. Speaker: I remember that the last time this motion was called the Acting Prime Minister suggested that it be dropped from the order paper and I rather resisted that action in the belief that it had been the practice not to drop motions in the absence of the mover. But I find that he is correct, in accordance with standing order 19, and that unless the government requests that a notice of motion shall stand when it is called, it is dropped. There is, of course, perfect liberty to reintroduce it. There is nothing final about the procedure; it is in order for an hon. member to restore the motion to the order paper when he returns. Therefore as I read standing order 19 (1), the government has the option of standing the motion, or, if they do not ask to have it stood, it is dropped in the absence of the mover who can proceed with it.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, could I ask the Acting Prime Minister through you whether in view of the absence of the hon. member on official government business at the United Nations in New York, who I believe is expected back in another week or ten days, it could be allowed to stand on this occasion?

Hon. Gordon Churchill (Minister of Veterans Affairs): On this point, Mr. Speaker, I endeavoured to review the rules and the practice in the past. Although perhaps this is not a matter of very great moment, nevertheless I think some ruling from the Chair might be helpful for the future.

As we all know, these motions are not debatable. Therefore the presence of the hon. member who has put the motion on the order paper is not absolutely essential. The hon. member is looking for information, and that information is either given or denied by the minister responsible.

In the past the practice has been to permit someone else to move the motion in the absence of the proposer. That was done on March 6. Quite correctly, Mr. Speaker, when the request was made that the motion be withdrawn you stated that this could not be done without the hon. member being present. That is in accordance with standing order 49, which says:

A member who has made a motion may withdraw the same only by the unanimous consent of the house.

However, on looking back in Bourinot's fourth edition on page 300, which deals with—

Mr. Winch: If you are referring to Bourinot you are going a long way back.

Mr. Churchill: I point out to the hon. member who has interrupted that Beauchesne was founded on Bourinot, and Bourinot's rules still carry authority in the House of Commons. Bourinot deals at very great length with this subject and Beauchesne does not. I think the reason Beauchesne does not deal with the subject of motions for production of papers is that the method of procedure had been so well established that the author thought it was not necessary to refer to it.

On page 300 of Bourinot, dealing with this type of motion, it says:

Neither can any motion be withdrawn in the absence of the member who proposed it; but it may be negatived or agreed to in such a case on the question being put formally from the chair.

Then Bourinot gives an example of where that was done; the mover of the motion was absent but the matter was disposed of. In this particular instance the Secretary of State for External Affairs has indicated that the motion is not acceptable. Therefore it is not a question of the hon. member having the privilege of withdrawing, which requires unanimous consent, but simply of disposing of it immediately. It could be put before us by one of his colleagues and then it would be in the hands of the house and we could either accept or reject it as we saw fit; otherwise it stands on the order paper. I think that is unnecessary, particularly in view of the fact that on this question of motions for production of papers there is a sentence in standing order 47 which reads:

All such notices when called shall be forthwith disposed of—

It seems to me that our practice has been to dispose of them except on the request of the government that the motion shall stand for some special consideration, as is the case with order No. 50 on our order paper.

Mr. Speaker: I think the practice has perhaps developed by consent somewhat divergently from the express wording of the rule. Standing order 47, which deals with notices of motions for the production of papers, provides as follows:

All such notices when called shall be forthwith disposed of—

That has already been indicated by the minister. That means they are not debatable. Standing order 47 continues:

—but if on any such motion a debate be desired, it will be transferred by the clerk to the order of "Notices of motions".

That is the special rule relating to this particular type of notice. Then standing order 19 (1), to which I referred previously, says:

Questions put by members and notices of motions, not taken up when called may (upon the requests of the government) be allowed to stand and retain their precedence; otherwise they will disappear from the order paper. They may, however, be renewed.

I think that amendment, when it was introduced to the rules, was intended to prevent the accumulation on the order paper of notices which, if dropped, were not prejudiced in any way. As I see the matter now, unless the government asks that the motion stand or the house accepts a motion on behalf of the absent member so that the question could be voted upon, the rule would require the motion to be dropped.

Mr. Green: Perhaps the hon. member for Vancouver East would communicate with the hon. member for Burnaby-Coquitlam. I have no objection to having the motion stand until later in the week.

Mr. Speaker: The motion stands at the request of the government. May I say one word more. The views of the mover are of some consequence. In this case the mover has a choice whether to ask that the matter be proceeded with and go to a vote of the house, or to drop it because of the circumstances put forward by the government. For this reason I do not encourage the practice of having a motion moved on behalf of an absent mover.

Motion stands.

DISCONTINUANCE OF STEEL STATISTICS

Question No. 73—**Mr. Argue:**

For a copy of all correspondence and other documents exchanged between the government and any person, organization, or industry since January 1, 1960, regarding the discontinuance of publication of statistical material, relating to steel operating rates and steel producing capacity, by the dominion bureau of statistics.

Mr. E. L. Morris (Parliamentary Secretary to the Minister of Trade and Commerce): Hon. members will recall that on Wednesday last, as reported on page 2780 of *Hansard*, the Minister of Trade and Commerce said he wished to deal with this motion having regard to the Statistics Act and, more particularly, to section 15. In the absence of the minister today on government business in Washington, I wonder if the hon. gentleman in whose name this motion is set down would agree that it stand until Wednesday.

Motion stands.

"UNPLACED APPLICANTS" ITEM, ONTARIO MONTHLY SUMMARY

Motion No. 76—**Mr. Argue:**

For a copy of the item entitled "unplaced applicants" formerly contained in the monthly summary of employment conditions in Ontario published by the Ontario region national employment service office, since September 1, 1960.

Motion agreed to.

FRASERWOOD, MAN., POSTMASTER

Motion No. 79—**Mr. Pickersgill:**

For a copy of any protests, petitions, or communications received by the postmaster general or any official of the post office department regarding the conduct of the postmaster at Fraserwood, Manitoba, since the appointment of the present postmaster.

Hon. W. J. Browne (Solicitor General): May I ask that this motion be allowed to stand? We received notice of it only today.

Motion stands.

AUTAIR HELICOPTER SERVICES LTD.—POLAR SHELF CONTRACT

Motion No. 81—**Mr. Chevrier:**

For a copy of the economic assessment of the applicable air transport rates and associated costs made by the Department of Mines and Technical Surveys in connection with the contract awarded to Autair Helicopter Services Limited, as approved by treasury board on March 2, 1961, for the continental polar shelf project.

Motion agreed to.

GLEN EXELBY

Motion No. 82—**Mr. Howard:**

For a copy of all records of Mr. Glen Exelby that are on file with the unemployment insurance commission or the national employment service or on file with any branch thereof; and for a copy of all correspondence, telegrams, or other documents exchanged between Mr. Exelby and the unemployment insurance commission or the national employment service or any branch thereof since September 9, 1960, and for a copy of all correspondence, telegrams, other documents, or records of telephone conversations between the Minister of Labour and the unemployment insurance commission or the national employment service or any branch, officer, or employee thereof since January 1, 1961, relating to the said Mr. Exelby.

Hon. Michael Starr (Minister of Labour): In view of the fact that this motion appears on the order paper for the first time today and that in consequence proper consideration has not been given to it, I would ask that the hon. member agree to letting it stand until Wednesday.

Motion stands.

(Translation):

CANADIAN NATIONAL RAILWAYS

LAY-OFFS OF PERSONNEL, MONTREAL—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to put a question to the Minister of Transport or, in his absence, to the acting minister.

Is the minister aware that the C.N.R. intends to dismiss the 160 members of the maintenance and cleaning staff at the head office on McGill street in Montreal? If so, what action is being considered by the government in order to take those employees on again?

(Text):

Hon. Howard C. Green (Acting Prime Minister): I will see that this matter is brought to the attention of the officials of the Canadian National Railways, and hope to have an answer in due course.

(Translation):

Mr. Chevrier: Mr. Speaker, a supplementary question.

Is the minister aware that the Canadian National has decided to sell its present main office building on McGill street, and to move into a new building next to the railway station where maintenance services would be carried out under contract instead of being ensured by the present staff, thus putting out of work 160 persons, several of whom have been working for Canadian National for many years? What comments can the minister offer on that subject?

(Text):

Mr. Green: I will make inquiries on this particular aspect of the question, too.

UNITED NATIONS

CONGO—REQUEST FOR STATEMENT ON CURRENT SITUATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wonder whether the minister has anything to report to the house on the present situation in the Congo, where there has been a further outbreak in the current reign of terror and killing.

Hon. Howard C. Green (Secretary of State for External Affairs): I have received no further report today on the situation in the Congo.

Mr. Argue: The minister might tell the house whether there has been any recent request from the United Nations for further assistance of any kind from Canada, involving either military personnel or food.

Mr. Green: From time to time there are requests for a very small number of men to carry on services of the type the Canadian contingent is now rendering. I believe there was a request for one such man within the last day or two.

REPORTED DESIRE TO SHORTEN AGENDA—CANADIAN POSITION

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. In view of various reports that endeavours are being made at the United Nations general assembly to drop many important items, already referred by the assembly to various committees, in order to facilitate business and shorten the adjourned session, can the minister comment on the Canadian position in regard to this proposal?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, for some days there have been discussions going on between the United States and the Soviet union concerning the agenda for this resumed portion of the session of the general assembly. Those discussions have not yet reached finality. As a matter of fact the general committee which, as the hon. member knows, is the executive committee of the United Nations, was to have met today to deal with the question of the agenda but that meeting has been deferred and may take place tomorrow.

As yet there has been considerable confusion and doubt as to what items will be dealt with during this resumed session. I do not think there is much doubt that disarmament will be one of the subjects discussed.

Mr. Winch: A supplementary question, Mr. Speaker. Because of the government's interest in certain of the resolutions, may I ask whether Canada is being consulted with regard to any matter that may be dropped?

Mr. Green: Yes, Mr. Speaker. Representatives of all the member nations are involved in these discussions. The hon. member will recall that dozens of discussions take place in the United Nations building every day. I would judge it is a regular beehive of activity at the present time in an attempt to work out an agenda from which will have been deleted those items which would aggravate the cold war.

Inquiries of the Ministry

LABOUR CONDITIONS

GLEN EXELBY—INQUIRY AS TO RECEIPT OF LETTER BY MINISTER

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the Minister of Labour whether he has received a letter from Mr. Glen H. Exelby.

Hon. Michael Starr (Minister of Labour): Yes, I have received a letter from Mr. Exelby, to which is attached a copy of an affidavit. I understand the hon. member for Bonavista-Twillingate, as well as others, has also received copies.

In so far as the records of the unemployment insurance commission are concerned, as I outlined them in the house, I would say that in general they are borne out by the affidavit. Basically the facts are that Mr. Exelby was employed for six weeks during a period when according to the television program he had been out of work for several months. Both he and his wife were paid for the program at the rate of $25 a day; that is, each of them were paid that amount. This has never been denied.

Mr. Exelby was interviewed for a job on February 24. According to his own affidavit he told the interviewer that he was doing a show for the C.B.C.—

Some hon. Members: A show?

Mr. Starr: He was hopeful that the show would produce a job but he was not overlooking any bets at all. These are his own words. The result of this interview was that he did not get the job. It is not my intention, nor has it been my intention, to criticize Mr. Exelby or his wife in respect to their appearance on this program—

Some hon. Members: Oh, oh.

Mr. Starr: There are certain facts in connection with the situation, and these facts are admitted by Mr. Exelby in his own sworn statement. I have mentioned them above, and these are the facts which were not presented in the C.B.C. show. In view of this, I would suggest that the record stand.

Mr. Pickersgill: I would ask the minister if in the interest of the truth he professes to be so interested in—

Some hon. Members: Order.

Mr. Pickersgill: —if he would table—

Some hon. Members: Withdraw.

Mr. Starr: Your Honour, I wish to rise—

Mr. Pickersgill: On a point of order, Your Honour, before the minister—

Mr. Speaker: Order. The minister has interrupted on a question of privilege arising out of something the hon. member for Bonavista-Twillingate said, and I think I should hear him.

Mr. Starr: The hon. member for Bonavista-Twillingate charged me with only professing to be interested in the truth, and I wish to object to that.

Mr. Speaker: I do not think the minister should be too much concernd about a straightforward statement that he professes to be interested in the truth. If it were said that he professes not to be interested in the truth, a question of privilege would arise. I was hearing the hon. member on a point of order.

Mr. Pickersgill: I was in the midst of asking a question when the hon. gentleman interrupted me, sir. My question was this. Would the hon. gentleman in the interests of the truth, and the whole truth, table the letter from Mr. Exelby and the affidavit so all of us can read them?

Mr. Starr: Mr. Speaker, I feel certain the hon. member has already read them but if other hon. members of the house wish to read them I will be glad to table them.

Mr. Speaker: I think the practice of the house requires the production and tabling, as suggested, of the documents from which the minister has quoted perhaps not verbatim but the substance.

Mr. Pickersgill: I would suggest that in view of the grave injustice that has been done this gentleman—

Some hon. Members: Order.

Mr. Pickersgill: —the minister ask leave to have these documents given the same publicity in *Hansard* that his own erroneous statements were given.

Mr. Speaker: Order. The hon. member's request has been acceded to. I am not sure why he is rising again.

Mr. Pickersgill: Mr. Speaker, on a point of order, I think Your Honour did not hear my request. I asked the minister if he would ask your leave to have the documents printed in *Hansard*. That is the request I made.

Mr. Monteith (Perth): The hon. member said tabled.

Mr. Lennard: The hon. member does not know what he wants.

Mr. Starr: Mr. Speaker, I said I would table the documents. I have only one copy of the letter and the affidavit. I shall have to make photostat copies so I will have one in my possession. I shall table the documents tomorrow.

KITIMAT—REPORTED INTENTION TO SHUT DOWN SMELTER

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Acting Prime Minister. Has he received a six page telegram from the Kitimat local of the united steel workers of America in which it is mentioned that a five to eight week shutdown of the smelter there will take place some time in June, and in which reference is also made to certain lay-offs and certain solutions are requested? Can the minister indicate what action is contemplated with respect to this matter?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, such a telegram was received this morning and an investigation is being made.

NEW BRUNSWICK—INTERIM PAYMENT ON WINTER WORKS PROGRAM

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, before the orders of the day are called I should like to ask the parliamentary secretary to the Minister of Finance whether an interim payment was recently made to the government of New Brunswick in respect of the winter works program?

Mr. Richard A. Bell (Parliamentary Secretary to the Minister of Finance): I shall have to make inquiries.

Mr. Pickersgill: I should like to ask a supplementary question. Does the hon. gentleman know that, according to the Fredericton *Gleaner*, an announcement to that effect was made on March 8—

Some hon. Members: Order.

Mr. Pickersgill: —by the hon. member for York-Sunbury?

Mr. Speaker: Order. Perhaps the hon. member was looking in the wrong direction, but I hope he will be more attentive to this end of the room.

Mr. Pickersgill: I wonder whether the hon. member heard my question.

SPORTS

HOCKEY—WINNING OF WORLD CHAMPIONSHIP BY TRAIL SMOKE EATERS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Acting Prime Minister. I do so with utter delight and pleasure because he is a native son of the Kootenays. I am sure all hon. members of the house will wish to offer their warm and sincere congratulations to the Trail Smoke Eaters for winning the world's hockey championship. As a native son of the Kootenays and Acting Prime Minister of this country, a fact of which we are all proud, does the minister not think this a great achievement and triumph for Canada?

Hon. Howard C. Green (Acting Prime Minister): Yes, Mr. Speaker. I think all hon. members of the house would wish to join with the hon. member for Kootenay West in congratulating this fine team on their victory. Canadians in all parts of the country are glad they have had this great success in Europe. Of course it is of particular importance to the city of Trail, from which they come and which has supported them so loyally for many years, and it is also of particular significance to all the other residents of the Kootenay district.

COMMONWEALTH CONFERENCE

SOUTH AFRICA—INQUIRY AS TO CANADIAN POSITION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Acting Prime Minister. In view of the discussions which took place today at the commonwealth prime ministers' conference in London with reference to the position of South Africa in the commonwealth, will the Acting Prime Minister tell the house what position Canada has adopted or, in the alternative, has he any comment to make?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I believe there were discussions this morning in the commonwealth conference concerning the South African question. These discussions were not concluded and will be going on again tomorrow morning. In the meantime it would be quite improper for me to make any statement with regard to what was said in the course of those discussions.

COMBINES

ELECTRICAL APPLIANCES—INQUIRY AS TO RETAIL PRICING GUIDE

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I would like to direct a question to the parliamentary secretary to the Minister of Justice. Would the parliamentary secretary inquire and inform the house whether officials have examined the first retail pricing guide issued by the Canadian General Electric Company Limited

after the government's amendments to the Combines Investigation Act last session to ascertain whether consumer electrical goods, in consequence, are no longer available except at prices 25 per cent to 40 per cent higher than formerly?

If an examination has taken place, is the minister satisfied that because of the amendments of last session there is no offence against the remaining provisions of the act respecting resale price maintenance?

Mr. Thomas M. Bell (Parliamentary Secretary to the Minister of Justice): Mr. Speaker, I am sure the officials are on the job in this respect, but I shall be glad to refer the matter to the appropriate officials for comment.

PACIFIC PRESS LIMITED—STATEMENT ON STATUS OF INVESTIGATION

On the orders of the day:

Mr. Thomas M. Bell (Parliamentary Secretary to the Minister of Justice): Mr. Speaker, on Thursday and Friday of last week the hon. member for Skeena asked questions about the Pacific Press Limited case. In this regard the director informs me that in view of the commission report the situation is being kept under careful surveillance. Up to the present time no court actions have been undertaken as a result of the report referred to, and as to whether such actions are contemplated, no final decision has yet been reached.

BRITISH COLUMBIA

UNION CONTRIBUTIONS TO POLITICAL PARTIES —CONSIDERATION OF PROVINCIAL LEGISLATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wish to direct a question to the Acting Minister of Justice, notice of which was given some days ago. Has the minister examined Bill No. 42 of the British Columbia legislature to determine its constitutionality with particular reference to the section having to do with direct or indirect contributions of employees to political parties?

Mr. Speaker: Order. I think the hon. member's question is contrary to the practice established in this house about questions relating to the disallowance of provincial legislation.

Mr. Argue: On the point of order you raise, I suggest the practice has been that it is in order to ask questions as to the government's consideration of the constitutionality of a measure. In many cases in the past it has been ruled that it is not in order to debate the matter, and therefore we have not been able to debate similar questions. I am positive I am accurate in saying it has been held in order to ask the questions of this nature on the orders of the day. I refer of course to our procedure with respect to the famous Newfoundland legislation.

Mr. Speaker: This is a matter of some importance, because questions of this kind may arise from time to time. If the hon. member would allow his question to stand I should like to review our practice in this matter. My present recollection is that we have not accepted questions about the exercise of the prerogative of the disallowance of provincial statutes in advance of the time of dissallowance. I shall be glad to look into the matter, and if I am incorrect in my recollection perhaps the hon. member would not be prejudiced by deferring his question until tomorrow.

Mr. Winch: You cannot do it after 12 months.

Hon. Gordon Churchill (Minister of Veterans Affairs): On that point, Mr. Speaker, citation 161 on pages 135 and 136 of Beauchesne reads as follows:

> Disallowance of provincial laws is not one of the functions of the dominion parliament.

It goes on to point out that this subject is dealt with in section 90 of the British North America Act, and then says:

> The only authority that can disallow provincial laws is the governor in council... Since the only power enjoyed by our House of Commons in matters of disallowance is to criticize the action of the dominion government after it has either disallowed or refused to disallow a provincial act, it follows that the house must await government action before taking the matter up.

Mr. Winch: That is why the whole thing is farcical.

Mr. Speaker: I thank the house leader for the reference, but I should like to review the matter if the house will allow me.

Hon. W. J. Browne (Solicitor General): Mr. Speaker, I should like to draw your attention to page 147 of Beauchesne, citation 171, paragraph (m), which says that a question shall not ask solution of a legal proposition such as interpretation of a statute, which is exactly what the hon. member is seeking.

TRADE

"CLASS OR KIND MADE IN CANADA"—REPORTED STATEMENT BY REVENUE MINISTER

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I should like to direct a question to the Acting Prime Minister. Is he aware of the statement made by his colleague the Minister of National Revenue in Washington, as broadcast over "News Round-Up" this morning, that what is

commonly known as legislation of a class or kind made in Canada now before the house will not be used against the United States? Will the minister comment on this statement?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I expect that the Minister of National Revenue will be back in the house on Wednesday, and perhaps it would be just as well if the hon. member for Laurier would ask him the question directly.

Mr. Speaker: I think the hon. member is asking about a matter which is to come before the house for debate in due course, if I am not mistaken.

Mr. Chevrier: The matter has already been under discussion, is now on the order paper and has not been completed. The Minister of National Revenue has made a comment on it in Washington, and I think I am entitled to ask the government what its reaction is to the statement as reported over "News Round-Up". I have a supplementary question arising out of the first one. Will the Acting Prime Minister tell the house whether or not it is the intention of the government to lay aside this legislation in so far as the United States is concerned, when the legislation is passed by the house?

Mr. Green: Mr. Speaker, any policy of that kind is not discussed on orders of the day.

Mr. Chevrier: This is a policy which has already been announced by the government and concerning which legislation is on the order paper. Therefore the matter has been determined, and as it has been determined by the government that is why I ask the Acting Prime Minister whether it is the intention not to use the legislation against the United States as is indicated in a report in the Toronto *Star* headed "Tariff Changes Not Aimed at United States, Nowlan says".

Mr. Green: I am afraid the Liberal brain trust has not been working very effectively over the week end.

Mr. Chevrier: That is a very evasive answer.

INDUSTRY

INQUIRY AS TO FINANCING OF MINING PROJECTS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Minister of Mines and Technical Surveys a question stemming from a statement by M. S. Fotheringham, president of Steep Rock Iron Mines Limited, that it is impractical for the mine to go ahead with development at lake St. Joseph without massive backing by United States funds. Has the government under consideration at this time any measures which would assist in the raising of capital on a large scale in Canada for such mining projects?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Not to my knowledge, Mr. Speaker.

Mr. Fisher: I should like to ask a supplementary question. Has the minister under consideration any measures which would encourage United States capital to assist such projects?

Mr. Speaker: The hon. member has asked a very broad question, as he knows, and I think he can hardly expect anything of that scope to be dealt with on the orders of the day.

BUSINESS OF THE HOUSE

INQUIRY AS TO CONSIDERATION OF BILL NO. C-70

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I have another question I should like to pose and I think I will have to address it to the Acting Prime Minister, because three other cabinet ministers are involved in the particular legislation. Have any requests been received with respect to postponing or delaying the consideration of Bill No. C-70 for this year? If I may clarify that, I am referring to the bill in the name of the Minister of Justice dealing with the furnishing of financial and other statistical information by corporations and unions.

Hon. Howard C. Green (Acting Prime Minister): I will have inquiries made.

PRIVATE BILLS

INTERNATIONAL BRAIN RESEARCH ORGANIZATION

The house in committee on Bill No. S-9, to incorporate international brain research organization—Mr. Fairfield—Mr. Flynn in the chair.

On clause 1—*Incorporation.*

Mr. Winch: Mr. Chairman, I should like to take a very few minutes to say a few words on clause 1 of Bill No. S-9, to incorporate international brain research organization.

Without doubt this is an important measure. We were given a most interesting discourse on the bill by the sponsor when the motion for second reading was before the house. In no way whatsoever am I opposing the bill, but I do feel it raises one or two questions with respect to which I should like to have the comments of the sponsor.

The purport of the bill in principle is to incorporate the international brain research

organization for the purposes outlined in the objects set forth in the bill. To be precise, those objects are to develop, support, co-ordinate, promote and undertake throughout the world scientific research and education in all fields concerning the brain, to promote international collaboration and interchange of scientific information on brain research, and to provide and assist in the dissemination of information relating to brain research through any media whatsoever.

In so far as brain research is concerned, I feel it is very important to attempt to understand just what drives an individual, although it is a very difficult problem in view of the fact that almost everyone has an aberration of one kind or another. I should like to hear some comment from the hon. member, who is sponsoring this bill, regarding the research attack on the problem of finding out what is wrong with the mind, and why it is perhaps necessary to establish this additional organization for that particular job.

We all appreciate that there are innumerable associations and organizations, provincial, national and international, which deal with different aspects of research on the human body in attempts to find causes and cures. There are associations in existence today which deal with diseases of the heart and chest, as well as cancer, rheumatoid arthritis and arteriosclerosis. There are of course additional organizations dealing with research regarding both children's diseases and mental health problems. I have only named a few.

In view of the fact that the sponsor of this bill has a magnificent reputation not only as a member of this house but as a physician and surgeon, and in view of his interest in research, I would ask that during the introduction of this bill to incorporate a brain research organization he satisfy us of the existence of some of the problems in this connection. He could perhaps indicate whether he thinks the time has arrived, in regard to research of this type, when an over-all organization should be established. We all know that hardly a two week period passes without our receiving analytical reports from various organizations of this kind. During the same period individuals receive requests to join, make donations and, in general, help these organizations in some way. We all realize that these organizations hold individual drives and community drives in attempts to raise funds.

I would ask the sponsor of this bill to indicate, as I have said earlier, in view of the existence of these various organizations and the legislation both provincial and national which covers them, whether an over-all research body should be established to support the research in respect of these various diseases. I am sure that if these organizations continue attempting to support research in the way they have in the past, we will reach the point where we will be asked to establish an organization to support research into the problems of hangnails and dandruff. I appreciate of course that this is an exaggeration, but I hope the sponsor will appreciate the point I am making. I feel that now is the time for the hon. member sponsoring this bill to express himself about the entire medical research situation and the method of financing research programs. I would certainly appreciate it if the hon. member for Portage-Neepawa would rise at this time and expatiate, as my chemistry teacher used to say.

The Chairman: Before the hon. member for Portage-Neepawa replies I would say that if he follows the suggestion of the hon. member for Vancouver East he will open the door to a wide debate. We might find that we are discussing the whole problem of research, and we are now at the committee stage of this bill, with the sole object of incorporating the international brain research organization. I have no objection to the hon. member making a short reply but I would warn him that I might be forced to intervene if the debate becomes too wide.

Mr. Fairfield: Mr. Chairman, the hon. member for Vancouver East seems to be puzzled by the number of organizations for research into cancer, heart disease, arteriosclerosis, but I must remind him that these are national research organizations and that the proposed organization is an international research organization respecting brain research. Despite the fact that we have quite extensive research in this country it is fairly localized to two or three spots in Canada and therefore confined. We find, as a result, that most of our discoveries in connection with the brain have been made only in the past 15 or 20 years and have come to light in the main through international meetings which have not been organized, except by research teams from different countries.

At the meeting where this suggestion concerning an international organization was made there were 247 members in attendance. These individuals were not general practitioners or surgeons, but research men who were very much interested in research in respect of the brain. The organization which is now being proposed has that international flavour which is required because of the fact that the different panels and different disciplines throughout the different countries of

the world use different methods for research into the brain, and to expect them to carry on this very vital task with the support of one country would be too much to ask. That is why this research organization must be set up.

In so far as the questions of development, support and co-ordination are concerned, I might say that proposals have been extensive but will not be accepted until certain funds are provided. This organization will be a clearing house for information at the outset and, following funds being made available through grants from foundations or grants from UNESCO—one has already been received to assist during this formative stage—the organization will be responsible for the establishing of fellowships to assist scientific workers; for the fostering of medical students who are primarily interested in research; and for setting up temporary research teams in countries where funds do not exist to cover the cost of equipment needed for research in respect of brain diseases.

Through their teachers and many of their finest men in this organization they will be available to promote education in brain research. Through the use of laboratory facilities in some of the larger centres of countries such as the United States, the United Kingdom, the U.S.S.R. and Canada they will make available the apparatus to help underdeveloped countries in their brain research. I hope that answers the hon. member's question.

Mr. Peters: I want to congratulate the hon. member for Portage-Neepawa on the presentation he made on the motion for second reading of this bill. It seems to me that the hon. member must be a highly trained and qualified doctor. Certainly he has done a good deal of research into the reasoning behind the setting up of this international brain research organization. If a number of our doctors in Canada are as qualified to speak on this subject as he has indicated that he is, I think we in Canada will feel proud of the developments that will take place through the leadership of the members that have been suggested as the founding members of this unincorporated association.

The hon. member points out that there were 250 scientists from 30 countries taking part in the convention held under UNESCO which decided to set up this international organization. They held a central meeting. A number of them were polled and a vote was taken which resulted in the setting up of this organization.

In his introduction the hon. member also pointed out that research of a similar and quite often parallel nature was taking place in brain research in various countries throughout the world. He mentioned particularly the United States and Russia who, of course, have pioneered in this field along with Britain and Canada under Dr. Penfield himself. He mentioned that these people in many cases had been developing techniques and doing research of a similar nature, and that if the exchange of information and of the equipment that is necessary for this type of work had been available, and the results of that research had been available, probably the duplication that was taking place would have been avoided and the intelligence of doctors experimenting in these fields would have been directed forward rather than running parallel as it now must.

I was very much interested in reading the names of the various people comprising the original committee or association. The first one mentioned is Herbert Henri Jasper, professor, who is widely known for his work and his teaching in the field of brain development. The next is Wilder Graves Penfield, surgeon, who also is very well known. He has been known for many years as an outstanding brain surgeon in the city of Montreal in the Royal Victoria Hospital.

Mr. Chown: Montreal Neurological Institute.

Mr. Peters: He is a man about whom many stories are told. I can remember one about a young boy being brought down from northern Quebec with a serious brain injury as a result of an accident. When the operation was over and the young lad was on his way to recovery the father, on asking Doctor Penfield how much the bill was going to be, was asked by the doctor how much money he made, and what kind of job he had. When the doctor was informed that the father was a miner in Noranda mine, the bill seemed to have been set in keeping with the earnings of the parent and this young chap was not prevented from receiving the benefit of treatment by this famous doctor. Probably arrangements would be made for the next patient to contribute something toward that assistance.

Brain surgery in Canada, as in other parts of the world, over the years has gone through the same type of reluctant support as that of other forms of medicine from Pasteur and Lister on down. There have always been those who say that you should not play around with things you cannot see, in some cases, and do not understand. It has been a field in which a great deal of difficulty has been experienced when corrective treatment or corrective surgery is attempted; I refer to the field of criminal and psychopathic tendencies. Treatment through the removal or the curtailing of the use of certain lobes in certain

cases may solve the problem with regard to sex deviates and others. A continual cry is going up that this type or research or this type of experimentation should not be allowed. In establishing this international organization it seems to me that we have brought into consideration the facts developed in other countries that probably would have a bearing on the relationship between the legislation and the various types of brain treatment that we would have in Canada as a result of the work done in other countries.

Some countries with more progressive legislation in this field than ours will be a factor, I am quite sure, in the work of the international research organization. I expect it will make it much easier for doctors in Canada and in other countries across the world to do initial research work on the correction of brain ailments. One of the reasons I am interested in the people who were named to the original unincorporated association is the fact that these are the people to whom the people of the world will look for guidance in connection with those who will be suffering or who have suffered from brain injuries.

I looked in the library to see what information was available on some of these people. It is surprising and unfortunate that in many cases more information is not available concerning what has been done and the calibre of the people that we are being asked to endorse in this organization. In the Dalhousie *Review* I read an article written by one of the doctors involved, namely Dr. Wilder Penfield. He was addressing the Dalhousie University faculty of medicine at their annual refresher course in October 1953 and he said in part as follows:

> There is a river not to be found on any map of this terrestrial globe, yet a river well known to all the sons of men, and never very far from any of us. It flows in the Realm of Time. It is Lethe, the river of Oblivion. What memories of noble persons and heroic deeds, what words of wisdom and what glorious thoughts have been engulfed in that dark, remorseless tide.

He was speaking, of course, of research into all facets of brain surgery. He went on to say something that I think most hon. members would be pleased to endorse. He said that in giving these lectures he must wear the mantle of Stewart, who was a former president of that organization. Then he said:

> Each doctor of medicine discovers that he wears a cloak of authority and wisdom in the eyes of his patients, if not in the eyes of his family. It covers the nakedness of our shortcomings. It causes us to stand up straight and tall, each one according to the stature God gave him.

The mover of the bill did not say to what extent the organization was going to involve itself in brain research of types other than those in which it is presently engaged. It has been pointed out by scientists, and it was certainly pointed out by the doctor in the same relationship, that in the science of brain research we have not gone very far. Yet the brain is the fundamental machine which runs the human body and which has developed the human race. It is the machine that gives us those things that are good and in some cases the brain is responsible for those things which are bad. I refer to the malfunctions of the mind that occurred in the late Adolf Hitler. He is certainly not missed by anyone, but pershaps he could have been treated and his undoubted talents could have been put to work in a much better fashion if research in that type of field had been developed to the stage we expect it to develop in the very near future.

Our hospitals in Canada are full of people suffering from mental disorders of one kind or another. Good surgeons will eventually be able to correct a great many of the problems which now affect these people who are in institutions. They have found out exactly what part of the brain produces our faults, controls emotion, memory and the other things that go to make up the human mind. They know that in order to get at these things they have to apply stimulus to the brain. This has only been achieved because of the persistence of people of the calibre of Professor Jasper and Doctor Penfield. If these people, on their own and with very limited resources in many cases, had not been willing to pioneer in this field, particularly in Canada which is a small country with a proportionately small grant for this type of medical development, we would not know what is wrong with a great many of the people who are in our mental institutions.

It seems to me we could gain a great deal from co-operating with countries like Russia, England and the United States and could arrive at a quicker solution to the problem that now exists in Canada. As we look at the statistics of the number of mental patients in hospitals who are under care, we see that this problem is not getting any smaller even though research and surgery facilities have been developed to a great extent. In fact, this problem is getting larger.

The high speed of modern day living, the tensions that are developing at a great rate and the noise factors that are involved, coupled with the lack of exercise and other things that may previously have dissipated some of these tensions, are problems that are being studied in institutions. It has been felt by many people who are concerned with this matter that surgery itself may be a solution for eliminating the tensions that are produced today.

There is another much more positive endeavour, and that is in the field of congenital and pre-natal mental conditions. Many of these conditions are now being prevented by chemistry. Many of the accidents of birth that took place years ago are being prevented by chemistry, the use of hormones and other secretions. These mental ailments are no longer as widespread as they were. A cure is in sight for many of these people born with congenital diseases, and particularly those with submental capacity, through the use of chemical preparations. In the future many more people will be born with normal intelligence, with their minds undamaged, where years ago this was a very large and very worrisome field for doctors. At that time they had no opportunity and no method of checking to find out why this type of development was taking place, or what could be done about it.

I think members of this house are appreciative of the fact that this organization is being born under the auspices of the United Nations, with its support and help, and that it is taking into consideration the best medical research ability that is available. We should be, and are, proud of the fact that this organization is being developed in Canada and that at least for the time being the headquarters of the organization will be in this country.

I think this will mean that those in Canada who are suffering from mental ailments will perhaps in the near future be treated by surgical, chemical and medical methods that will be available here as soon as they are available anywhere else. Probably people across the country will remember these four or five people who are setting up this organization.

As a Canadian I certainly give my wholehearted support to this organization being born and established in Canada.

The Chairman: Shall clause 1 carry?

Some hon. Members: Carried.

Mr. Howard: Mr. Chairman, I wonder whether I might be permitted to say a few words on this matter. I believe it was a week ago today, if I am not mistaken, that the miscellaneous private bills committee met and considered this bill. Unfortunately I am not a member of that committee and I was not able to be there. I certainly would have liked to be there because of the extreme importance of the subject matter of the bill itself and the great advantage not only to Canada but to the world that will undoubtedly accrue as a result of the establishment of this organization in this country.

This organization will collect, correlate and disseminate as much information as it possibly can about all the fields and activities of the brain itself. I know that hon. members of this house who are also members of the medical profession have an intense, close concern and interest in the establishment of this organization. Their closeness of concern, of course, comes from their field of work. Those members who are laymen as far as the medical field is concerned have an equal interest though, undoubtedly, their understanding of the complexities of the problem is not as great. So I am sure those hon. members who are directly interested will not think that because some members of this house are, to a degree, inarticulate with regard to this subject they do not take the interest in it which it deserves, because I am sure we all value the importance which this work has in our society. The brain itself is a most fabulous mechanism and though it may sometimes appear to go awry, even the most massive I.B.M. machine must pale into insignificance, I think, compared with some aspects of its activity.

I believe there is little doubt that the house will agree to the passage of this measure, and I wonder if before we pass from this item the hon. member who is sponsoring the bill would explain in a little more detail the financial arrangements of the proposed new organization. He mentioned, I believe, that the United Nations, or UNESCO, had made one financial contribution. I wonder if he could tell the committee what he expects the financial relationship to be between the organization which he now seeks to establish and UNESCO or any similar international organization. Can he tell us whether or not there will be a large financial contribution made by UNESCO, or whether it is hoped that the public will be able to finance this project primarily by means of private contributions.

Before I close I should like to leave this thought with the hon. member. For some time an immediate concern of mine has been the field of narcotic addiction and alcoholism both of which have been considered in recent years, and, I think, correctly so, to be the result of malfunctioning of the mind leading to conduct which is not in accord with that expected by the majority of society. We look upon the results of these addictions as being due to mental disturbances—mental illness—inability to face reality and an attempt to hide from the realities of life. I hope that when the organization is established it will be able to collect and disseminate information in this field concerning the mental functions

of people who have propensities toward addiction to drugs and alcohol to the end that not only here in Canada but in other parts of the world we may have a better understanding of this problem and that we may be able to evolve measures to reduce the waste of human and mental assets to which such addiction leads.

Mr. Fairfield: Perhaps I may answer the question concerning financial support. There has been no approach made, as yet, by this unincorporated body, but there has been some agreement in principle, informally, by government research bodies in Canada, France and the United States. The organization has not so far sought any charitable donations. It is hoped that when the bill for incorporation has gone through parliament certain foundations may be approached with a view to their donating money. Since there has been no incorporation as yet, no approach has been made to the Department of National Revenue as to whether or not this is a charitable organization.

To deal with the immediate budget, the estimates are $250,000 a year increasing by that amount over the next three or four years to a final figure of $1 million a year. Thus, hon. members can see that the plans are extensive and require a fair amount of money. As far as the government is concerned, there has been only the contribution made through the national research council of Canada to defray the expenses of the executive secretary, Dr. Jasper, while he was working on the organization of this corporation.

Mr. Winch: May I ask the sponsor of this bill if there is any relationship at the present time between this unincorporated organization and the mental health organization which presently operates in Canada. If not, will there be any such relationship in future? At the moment, in the absence of a fuller explanation, I cannot differentiate, generally speaking between the broad aspects of brain research and mental health.

Mr. Fairfield: One is, broadly speaking, engaged in research only and the other is more or less concerned with treatment. The mental health foundation is concerned primarily with the treatment of mental diseases. This corporation is concerned primarily with research.

Mr. Winch: On the functions of the brain?

Mr. Fairfield: It will be understood that included in the panels of this organization there are a large number of behavioural scientists who will co-operate with national bodies in any country as far as mental health is concerned.

Mr. Winch: This is, then, a straight research organization having to do with the function of the brain and so on. It has nothing to do with diseases of the brain?

Mr. Fairfield: It certainly has. It has very much to do with diseases of the brain. In so far as many aberrations are now considered to be diseases either caused pharmacologically, or by some lesion, chemical lesion or even traumatic lesion of the brain,—all of these have some connection with mental health. But this is a purely research organization. It is not primarily interested in treatment. It is interested in finding out how to treat these cases.

Clause agreed to.

On clause 2—*Objects.*

Mr. Peters: I presume this is the clause which has to do with the financing of the proposed organization. What is the method which it is intended to use? Is it to be contributions from the public? How is it intended to pay for the international organization itself?

Mr. Fairfield: I thought I had just answered that question. I think I explained it fairly fully.

Mr. Peters: I was out of the chamber for a few moments.

Clause agreed to.

Clause 3 agreed to.

On clause 4—*Central committee.*

Mr. Howard: Mr. Chairman, what I will have to say in relation to this clause will also apply to clause 5. Clause 4 has reference to the management of the affairs of the organization by a central committee to be composed of members elected or appointed as the organization may prescribe by bylaw from time to time. For the purpose of continuity I should point out that clause 5 refers to bylaws now in existence.

I am concerned about the reference to the appointment of members. From time to time a hue and cry is raised with respect to the executive of voluntary organizations in Canada, the charge being made that the democratic process of election is not followed. I realize it is necessary to have provisions for appointing members and these are useful if they are not abused. Can the hon. member for Portage-Neepawa tell us how appointments are made at the present time?

Mr. Fairfield: Mr. Chairman, I believe I mentioned when first moving this bill that the central committee would be composed of

representatives of several different panels representing the fields of neuroanatomy, neurochemistry, neuroendocrinology, neuropharmacology, neurophysiology, behavioural sciences, neurocommunications and biophysics. Each of the first five panels has already ballotted for and nominated two members. With respect to the last two panels, there are four in each of these two groups.

I do not think the hon. member need be concerned on an international basis, although I can appreciate his concern on a national basis. The central committee consists of the group of men in these seven panels coming from all over the world, France, Canada, U.S.A., Italy, Australia, U.S.S.R., Poland, et cetera. In addition to these panel members who are ballotted for and nominated by their panel, the central committee may appoint individual members at large who shall not be assigned to any one of the above mentioned panels. Such members will be selected from leading scientists in neurobiology, general neurophysiology, clinical sciences, or other fields not readily included in any one of the above panels. As new panels are formed in different types of brain research, I suppose the central committee will have authority to name a delegate from these panels.

Mr. Howard: I was interested only in the present arrangement and was not apprehensive about giving a potentially damaging power to someone. While I could not repeat the nomenclature used by the hon. member, I take it from his reply that the central committee is made up of seven representatives elected from seven panels plus three others from additional fields?

Mr. Fairfield: No, Mr. Chairman, there are 18 members from the panels plus the executive secretary who is already a member of the central committee. There are 19 plus 3.

Clause agreed to.

Clause 5—*Bylaws, rules and regulations.*

Mr. Howard: Paragraph (a) of this clause refers to conditions and classes of membership in the organization. Would the hon. member explain what that means?

Mr. Fairfield: This has reference to the classes I have already named. The panels are the classifications involved.

Clause agreed to.

Clauses 6 to 8 inclusive agreed to.

On Clause 9—*First bylaws.*

Mr. Winch: Under most acts of incorporation a definite time limit is set between the passing of the legislation and the calling of the first conference or convention. The language of this clause is as follows:

Subject to section 8, the first bylaws, rules and regulations of the organization shall be enacted at a time and place and in such manner as may be determined by the central committee of the unincorporated association—

Some acts of incorporation set the time limit at 12 months or two years. A recent measure passed in this house set the time limit at 18 months. This present provision, however, is indeterminate. The meeting may not take place for 20 years. Why is there no definite provision?

Mr. Fairfield: In drafting this measure reference was made to the form of incorporation of the last international organization to have been incorporated, the international air transport association incorporated in Montreal in 1945. This clause is similar to the clause in the measure incorporating that association. Under the bylaws the central committee must meet in ordinary session every two years.

Mr. Winch: Not according to this clause.

Mr. Fairfield: When this organization is incorporated it will be subject to the bylaws and regulations of the unincorporated organization.

Mr. Winch: Because of the language of clause 8 and because in the unincorporated organization there is a bylaw providing for meeting in ordinary session every two years, no provision of that nature has to be included in clause 9?

Mr. Fairfield: That is correct.

Clause agreed to.

Clause 10 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read the third time? Now, by leave?

Some hon. Members: Agreed.

Mr. Fairfield moved the third reading of the bill.

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to say a word or two before the motion carries in order to express a feeling which I am sure is shared by every hon. member in the house. May I say how much we enjoyed and appreciated the clarity and understanding of the hon. member for Portage-Neepawa (Mr. Fairfield) in piloting the bill through the house. It was quite evident that he had an intimate and detailed knowledge of all the intricacies of the organization and its past and future activities and I for one

wish to express my appreciation of the marvellous job he did in piloting the bill through the house.

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

WENDY GRACE MCCULLOUGH

On the order:

Second reading of Bill SD-57, an act for the relief of Wendy Grace McCullough.—Mr. McCleave.

Mr. Deputy Speaker: Is it agreed that all divorce bills shall stand?

Some hon. Members: Agreed.

Mr. Argue: Call them one at a time.

MARIE ANNE SIGOUIN

On the order:

Second reading of Bill SD-70, an act for the relief of Marie Anne Sigouin.

Mr. Broome: On a point of order, Mr. Speaker, I doubt whether my hon. friends in the corner want to punish our good friend, the second clerk assistant, by making him read all these orders. I should like to suggest that we stand all the rest of the divorce bills.

Mr. Peters: Mr. Chairman, I would agree provided they are not consolidated and remain in the same form.

Mr. Deputy Speaker: Subject to the reservation expressed by the hon. member for Timiskaming, is it the pleasure of the house that all the divorce bills be stood at this time?

Mr. Howard: Without consolidation.

Mr. Deputy Speaker: Without consolidation.

Some hon. Members: Agreed.

AURORA PIPE LINE COMPANY

The house resumed from Monday, March 6, consideration in committee of Bill No. S-2, to incorporate Aurora Pipe Line Company—Mr. Woolliams—Mr. Flynn in the chair.

On clause 1—*Incorporation.*

Mr. Winch: Mr. Chairman—

Mr. Argue: Where is the sponsor of the bill?

Mr. Winch: Mr. Chairman, I was hoping that the sponsor would be here but I can see that his alternate is here.

Mr. Chown: The sponsor is on his way to the house now.

Mr. Winch: I would move that the committee rise, report progress and ask leave to sit again when the sponsor is here.

The Chairman: Would the hon. member put his motion in writing?

[Mr. Howard.]

Mr. Horner (Jasper-Edson): Mr. Chairman, if the hon. member for Vancouver East does not wish to speak on the bill at this time, I do.

Mr. Aiken: Mr. Chairman, I would move that the hon. member for Jasper-Edson be now heard.

The Chairman: We have a motion before the committee and I will put it right away. It is not debatable.

Motion (Mr. Winch) negatived: Yeas, 7; nays, 38.

Mr. Aiken: Mr. Chairman, I move that the hon. member for Jasper-Edson be now heard.

Mr. Horner (Jasper-Edson): Mr. Chairman, at the outset of my remarks this afternoon I should like to comment on what has happened in the committee on this bill to incorporate the Aurora pipe line. We have witnessed, and I am sure will continue to witness, a determined effort on the part of that small minority to filibuster this bill. This minority is, of course, regarded as the champions of democracy on occasion, but apparently only when it suits their needs. I challenge the sincerity of this minority group in respect of a number of points.

Mr. Winch: Mr. Chairman, I rise on a point of order regarding the imputation that the motive of this group is to filibuster, and that we are insincere in what we say in this house. That imputation cannot be made in this house and I ask that it be immediately withdrawn.

Mr. Horner (Jasper-Edson): Mr. Chairman, I withdraw any remarks I have made regarding the hon. member.

The Chairman: Order. If the point of order is settled by the withdrawal by the hon. member of the offending words, then I must rise myself on another point of order. The remarks of the hon. member are certainly not relevant to clause 1 of the bill under discussion.

Mr. Horner (Jasper-Edson): Mr. Speaker, I will try to quickly cover the points I have in mind.

The first point I have in mind relates to a statement made by the hon. member for Vancouver South in respect of the construction of the pipe line. Unfortunately, the hon. member chose to raise this question even though he had prior knowledge that what he was saying was not correct.

Mr. Argue: Mr. Chairman, I rise on a point of order.

Mr. Broome: I will rise on this point of order myself.

The Chairman: Order.

Mr. Argue: The hon. member for Jasper-Edson has said that the hon. member for Vancouver South made certain statements in this house knowing in advance that the statements he made were incorrect. I would suggest that such an accusation by the hon. member for Jasper-Edson is unparliamentary and should be withdrawn.

Mr. Horner (Jasper-Edson): If I indeed said what the hon. member for Assiniboia has suggested then I withdraw. What I intended to say was that the hon. member for Vancouver South had been assured prior to his statement that the company involved intended to use Canadian contractors on the Canadian construction.

The second point I should like to cover, sir, concerns the whole question of the discussion of this bill in committee. There have been several individuals who have complained in this committee during the discussion. on clause 1. I suggest the hon. member for Skeena was one member who did so. This hon. member, as well as any other hon. member of this house, could have attended at the meetings of the committee discussing this bill if they so wished.

I should like to make one further point regarding the fact that representatives of Pembina Pipe Line Limited, and its subsidiary, Foothills pipe line, did not choose to attend the committee meetings. I would suggest they did not attend because these representatives were quite willing to stand on their own feet and accept their responsibilities and chances regarding this operation. I believe they are happy as a Canadian company to take their case to the Alberta conservation board and the national energy board. I am sure that this company Pembina Pipelines will be given a licence to set up a gathering system within the province of Alberta.

I would draw your attention, Mr. Chairman, to the fact that one year ago another pipe line bill was before this committee in respect of Northern Pipe Line Limited, introduced by the hon. member for Kindersley. At that time our friends in the corner asked if the government of Saskatchewan was in favour of that bill. The hon. member for Kindersley replied that the government of Saskatchewan looked at the bill with favour and we heard nothing more from our friends in respect of that bill. Apparently our friends in the corner go along with anything the socialist government of Saskatchewan puts forward but do not wish to have competition in the field of by-products in Alberta. I point out to you, sir, as well as those members, that the element of competition is of vital importance to the people of Alberta. As I have said previously, this element of competition has a bearing on the determination of the price of these by-products to our farmers, the citizens of the small towns, and the local industries. This competition will determine the price of these very essential by-products, whether used as fuel or raw material by local industries.

Mr. Chairman, as the member for the constituency in which Pembina Pipe Line Limited head office is situated, I assure you that company, as a Canadian company, is not unwilling to take its chances with competition. I assure you, as a citizen of Alberta, that I should like to see the proper development of our resources. I should like to see local and secondary industries developed there to as great an extent as possible. I am sure that the people of Alberta need and hope to see foreign capital coming into our province to assist in the development of these resources. We ask only that Canadians be given an equal opportunity of participating in the financing and operation of these lines. I suggest to you that the government of the province of Alberta, although I do not agree with its policies in every regard, has certainly been successful in respect of the Alberta natural gas company, which was set up to gather gas in the province. I am sure that a similar course will be followed in regard to these by-products, if it is feasible. However, I want to suggest to you finally that if we, as Canadians, cannot accept the incorporation of this company because of the possible competition which will result, there is certainly something wrong with us, and for that reason we should accept this incorporation without further delay. I feel this will be a first step in the direction of allowing the export of some of our by-products which are now in a surplus position.

Mr. Broome: Mr. Chairman, the hon. member who has just sat down made certain references to a statement I made and I should like to quote from *Hansard* in this regard. I suggested I had information that this pipe line would be built through a negotiated contract with a United States contractor and that no Canadian firm would be allowed the opportunity of participating. This information was not held as a secret but was turned over to the hon. member for Bow River during a conversation between that hon. member and myself. He read certain excerpts from a letter he had which appeared to be rather inconclusive. I felt the excerpts would have been more conclusive had they been placed on *Hansard*.

I have been reported at page 2677 of *Hansard* as follows:

> What is the situation in regard to the construction of the line? I feel I am being fair to the

sponsor of this bill, as I have informed him of the information I have at hand.

Further on I am reported as follows:

When I conclude my remarks I hope the hon. gentleman will be able to correct me as to the accuracy of my information.

I could have been corrected regarding my information at that time. It could be that the information was correct at that time and that the company has changed its policy since then.

It seems to me that some hon. members around here take the attitude that no one shall have his own ideas about anything in this house, and that no one except someone who lives in Alberta can talk about pipe lines. It is a matter that concerns the whole country and every hon. member in this house. If we want to talk about accuracy of statement, Mr. Chairman, I will refer you to *Hansard* of March 6, 1961. After certain references the hon. member for Bow River, as reported at page 2705 of *Hansard,* said:

Under subsection (d) of section 44—

He was referring to the act setting up the national energy board.

—the board must have regard to the question of financial responsibility. That will be considered. It must have regard to the financial structure of the applicant. That will be considered. It must have regard to the methods of financing the line. That will be considered. It must have regard to the extent to which Canadians will have an opportunity of participating in the financing, engineering and construction of the line. That will be considered.

What does the act say? It says that the board "may". There is a great deal of difference. It says that the board may, subject to the approval of the governor in council, issue a certificate. At the end of the first clause it is stated that the board may have regard to the following and it goes on to mention the availability of oil or gas, the economic feasibility, the financial responsibility and all the rest of it. The word is not "must"; it is "may".

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

Mr. Broome: Yes.

Mr. Woolliams: I wonder whether the hon. member has read Maxwell on the interpretation of statutes wherein it is stated that "may" may be interpreted as "shall", and vice versa. If he has done so, I should like to hear from him.

Mr. Broome: I know how lawyers can twist points. I know that two counsel can be put in a trial; that one can take one standpoint and the other can take the opposite one; and that both can buttress their arguments. All I know is simple language and to me "may" is not "shall". If lawyers would start to write in simple language, it would be a great deal better for them also. We have heard a great deal about Canadian participation in this line. I tried to set the record straight in my opening remarks when I spoke on this bill. I referred to the evidence given by Mr. Burgis when, as reported at page 45 of the committee minutes of proceedings and evidence we find the following. This is with regard to a question by the hon. member for Calgary South who was inquiring as to the financing of the parent company and as to the degree of public participation in that financing. In reply Mr. Burgis said as follows:

Mr. Burgis: Yes. We take the point of view that this is a relatively small line, and it would be quite usual for an oil company to build it as part of their normal operations. In terms of public financing in Canada back in 1957 our directors did offer public participation in the ownership of Hudson's Bay Oil & Gas, when there was no public clamor for ownership.

Mr. Smith (Calgary South): You say in 1957?

Mr. Burgis: Yes.

Mr. Smith (Calgary South): But, what was the final result?

Mr. Burgis: 9.6 per cent—approximately 10 per cent—of the outstanding shares are owned by some 12,000 public shareholders.

I pointed out that you could take one interpretation from these remarks. The interpretation that seems to be taken by the members in their speeches was not the interpretation given in information I placed before this house and it has not been refuted as yet by anyone speaking on this bill. That information referred to the fact that the public participation in this issue came about through rights given to shareholders in Continental Oil and Hudson's Bay Company. These were rights to purchase shares in their wholly-owned subsidiary Hudson's Bay Oil and Gas. Prior to 1957 there was no public participation in the ownership of Hudson's Bay Oil and Gas. The inference here is that there was public participation and that it came about through this indirect means.

I wonder how many shares are owned by Canadians or residents of this country in those parent companies, namely, Continental Oil and Hudson's Bay Company. I would venture to make this suggestion about the public participation in these companies—when I say "public" I refer to the Canadian public because I think that is what we should be concerned about in this House of Commons—that Canadian public participation in this parent company, would be, I would guess, and I emphasize the word "guess" because I trust that my hon. friend from Bow River may have detailed information on this matter, not more than 2 per cent to 3 per cent. I just wanted to set the record straight.

I agree with the fact that we want to export these commodities. But I say that in this forum we will let it be known that companies that are going to be incorporated in Canada, based upon our natural resources, shall take care that they are in tune with the climate of opinion prevailing in this country, and that climate is that Canadians shall have the right to participate. This is what I am talking about, namely the right to participate. I am not talking about not bottling up our resources; furthering logical and needed development; or taking by-products of which we have an excess to a market which needs them. All these are good things. But this benefit can be achieved in this new way of letting Canadians take part in these ventures.

This is the reason for my opposition to this bill. At no place in this evidence do I see any indication of a real attempt by the company to take this matter into account. All of the blather and furor cannot disguise that fact. I ask anyone to show me one place where any such evidence can be found. I therefore oppose this bill, Mr. Chairman. When I first spoke on it, I wanted to go to the committee to get the information. I have not obtained the information I wanted. On the basis of what I have been told today and from a reading of *Hansard*— and I read *Hansard* because I was not here for the full debate when the bill came up for consideration last Monday—I say that my questions have not as yet been answered. Until they are answered I oppose this bill.

The Chairman: Shall clause 1 carry?

Mr. Winch: I have maintained an interest in this bill ever since it was introduced. Through the medium of conversation and that of correspondence I have done my best to obtain every bit of factual information possible. I have either listened to every speech that has been made on the bill since it was introduced or, if I was unavoidably absent, I have read in *Hansard* the speeches that were made. I find myself now in the same position as that in which I was when the bill was introduced and in the same position as the hon. member for Vancouver South who has just spoken. I do not feel that we can pass clause 1. I am opposed to the bill in question. I am opposed to it for many reasons. In spite of the emphatic denials made by some hon. members, they have not been able to present answers to the problems which arise in the course of the passage of this bill for incorporation; and those answers should be given if it is to receive the authorization of this House of Commons and of the other place and royal assent.

I anticipated that we would obtain a great deal of information in committee. I am very, very sorry that for a considerable part of that meeting we did not have a reporter in attendance and the transcription is not complete. I think we have to emphasize this question. What does this bill mean, either through the reading of the bill, through the information that was given us in committee or that which has been given by the various members who supported the bill? Certain facts stand out. First, not only is it not denied but it is admitted by the sponsor of this bill and others that Aurora Pipe Line Company is a United States controlled company as far as the majority of its preferred and common shares are concerned. Second, it is not interested in developing any secondary industry in the province of Alberta.

It was most interesting to listen a few moments ago to the exhortation of the hon. member for Jasper-Edson in support of the bill. He pointed out his interest in the developing of secondary industry in the province of Alberta. We have it not only on the authority of the wording of the bill itself but also on the authority of Mr. Burgis, who appeared before the committee, that this company is not interested in any sale in Alberta whatsoever; it is only interested in export, and export to the lines of Continental Oil in Idaho and Montana. Of course, there is then a connection, if they wish, clear through to Chicago.

We have heard a great deal from hon. members who support this bill about Canadian ownership, Canadian development and the absolutely vital need for us not to be hewers of wood and drawers of water but to develop secondary industry.

I am not going into detail on this matter because it is well known to hon. members. Some two years ago this house incorporated a company which laid down as a priority requirement that the interests of Alberta should come first; second, the secondary industry in Alberta and then, and then only, export outside the boundaries of our country. Moreover not only is that organization the majority-wise Canadian owned and Canadian financed, or will be so financed if the plans go through, but we also know that they will not just deal with the southwestern corner of Alberta. They are interested in the entire province of Alberta and they have already signed what might be termed preliminary contracts to take up 75,000 barrels a day on an export basis if that much is available. We have this company to compare with the one we are now being asked to incorporate. This company only wishes to deal with the cream of the by-product group.

An hon. Member: Cream, my foot.

Mr. Winch: It only wishes to deal with one small section of Alberta. Everything is for export, and the company has no interest in secondary development. A total of just 11,000 barrels a day is involved.

I think we have a responsibility to very seriously consider these matters. Moreover, I question very much what is behind this bill. I do not think we have been told the entire story. Although we had the admission in committee that the contemplated expenditure on this very short section of line in order to get across the border will be, I think $1½ million, this company is being incorporated for $10 million. The only explanation we have been given so far is that this is normal and it is the general thing to incorporate for $10 million. You will find that on the record.

To me this does not quite make sense. There is something else that does not quite make sense. We have heard the statements of the sponsor of this bill and those who support it that all that is concerned is this one section in southwestern Alberta, this matter of 11,000 barrels a day which they hope to achieve. But when you read the provisions of the bill itself you find that they will have the power, although of course they have nothing in mind whatsoever, to operate in Manitoba, Saskatchewan, Alberta, British Columbia, the Yukon and the Northwest Territories.

If they want powers for that, why are they telling us that all they are interested in is this small section in southwestern Alberta, just 11,000 barrels a day? That is one of the provisions of the bill. Moreover, let us not forget this. I am fairly certain that this question was asked at the time a *Hansard* reporter was present at the committee. Mr. Burgis was asked whether they envisaged tapping the Yukon and the Northwest Territories and he replied, "That is a possibility. The parent company is doing certain exploration work in the Yukon and the Northwest Territories".

Therefore I say that we have to look behind the actual statements we have heard in this committee and look at the meaning of the words of the bill. We have to look at some of the things that slipped out during the course of questioning in the committee. For an expenditure of $1½ million—which will be the actual expenditure—an incorporation of $10 million is required, and they ask for the powers in a certain section, which I cannot discuss in detail at this moment, in connection with Manitoba, Saskatchewan, Alberta, British Columbia, the Yukon and the Northwest Territories. Also, we have the statement of Mr. Burgis in the committee, that in the future there may be this interest in tapping the Yukon and the Northwest Territories. Therefore it is not just a question concerning Alberta but also the Yukon and the Northwest Territories.

In other words, there is that vital question of policy and the motivation of export, export only by the Aurora Pipe Line Company. In contrast to that we have the position of the other pipe-line company incorporated two years ago along the lines I have mentioned, which are set out in the act and in the evidence given before a committee of this house on that matter. This is a very serious matter.

May I also mention another point which I think is a very important one. Speaker after speaker who supported this bill, especially during our last discussion on this matter, emphasized the fact that this company or any company has to go before the Alberta oil and gas conservation board, which of course is not a child of this parliament, and before the national energy board. It was said that there is all the protection in the world in the national energy board. They have the power to look into the particular welfare of Alberta, the general good of Canada, the extent to which the company is Canadian-owned, Canadian financed and everything else. Be that as it may, with all the powers that the national energy board has, that does not relieve the members of this House of Commons and the other place of their responsibility. The job of the national energy board is to deal with something which in their considered opinion should be done for the good of Canada.

It would be a negation of the responsibility of parliament to say: we have the national energy board, so why the heck should we worry about whether the Aurora Pipe Line Company or any other pipe line company is good or bad; let the energy board make that decision. We were not sent here to deal with matters on that basis. That would be the acceptance of a political philosophy of letting the other fellow do it. It is a policy which I can definitely understand coming from some members on the other side of the house—a policy of passing the buck. Let us pass this bill, it implies, and allow the energy board to decide whether or not the results are good for Canada. That might be the way in which some hon. members in this house feel, but others of us feel differently. We are here to listen to all arguments, to get all the information we can, to study the purpose and the effect of every solitary bill and amendment which comes before us, and that is what we intend to do. We intend to accept our responsibilities in connection with the bill now before us, and as far as we are

concerned it will not be passed unless we feel it is for the good of Alberta and of this country.

I say there are many points which have not been answered. I say there is a darned sight more in this bill than has ever come out into the open. It is not possible to reconcile the statements which have been made by the executive staff of this company before a committee with some of their other statements. I contend that this measure is a lot of window dressing. There is a lot behind it which may, in one year or in ten years if this bill is passed, come back to haunt those who supported it. This is the third time I have spoken. Let hon. members opposite discredit our position as much as they wish, but we have in mind the acceptance of our responsibility to deal with matters which come before this house; second, to decide whether measures do serve the interests of a locality or of a province or of the nation, and third, to give support and encouragement to a company which is Canadian-owned and Canadian-financed, a company which gives priority to development in Canada and, in particular, to the development of secondary industries. You can go down the line, but I have yet to hear one sound pronouncement as to why we should allow the establishment of this United States company in Canada with the sole right of exporting the God-given resources of this country without, first of all, trying to utilize them ourselves.

Mr. Argue: We are opposing this bill once again because we think it is a bad bill for Canada. We think it is a bill which is unnecessary inasmuch as another program could have been devised to accomplish the obtaining of markets for Canadian products. We think we are maintaining a consistent position—one which we have maintained over the years—and that this government, by supporting the present measure, is doing a disservice to the nation. We believe that once again, according to this measure, we are handing over substantial Canadian resources to the control of citizens from outside our country.

I notice that the hon. member for Greenwood is in his place. I should be most interested if he were to make some comments in this debate. I should be interested to hear his views as to whether the bill now before the committee is the best way to regulate the handling of the products concerned.

The Tory party while in opposition stood for Canadian development, Canadian participation and Canadian control over natural gas and its distribution. But since it took office there has been a complete reversal, a capitulation by the government to the United States interests about which they complained so bitterly while in opposition. When this government took office they did not continue the view which they had expressed with regard to pipe lines while in opposition. They appointed a commission to try to get off the hook, but when the commission reported on the trans-Canada pipe line the report showed to what extent the interests of the nation had been sold out to United States buccaneers and certain budding millionaires in our own country. Now the position taken by the Conservative party is that even in connection with a small, short, tiny pipe line we cannot have public ownership or Canadian participation. That is a far cry from what was said with regard to the great trans-Canada pipe line. In debates on this subject on former occasions—I did not quote these references in my speech on the last occasion—the leader of the Conservative party of the day put forward the position taken by that party when he said this about the attitude of the government as recorded in *Hansard* for 1956 on page 2181:

> This is the only place to do so and this is the opportunity to declare our economic independence of the United States. This is the time to plan to make full use of the resources which God has given us.

The hon. gentleman went on to say on the same date:

> No matter how friendly any other nation may be I submit it is our duty as representatives of the people of Canada to follow a course which will assure Canada's economic as well as political independence. That course is not served by the resolution now presented to us.

I submit that that course is not served by the passage of the bill which is now under discussion in this committee. The pipe line in question is owned in the main by United States corporations which were involved in the transactions surrounding the trans-Canada pipe line.

I am pleased to see, however, that there seems to be at least a small indication of independence from the other side as was exemplified by the statement we heard today and the statements made on a former occasion by the hon. member for Vancouver South. We welcome his intervention in this debate. We think parliament would be better served if members on the opposite side sometimes gave us a little greater indication that they were exercising independent judgment and not a collective party judgment on this or other issues.

I think there is much to be answered in this debate. I wonder why the hon. member who sponsored this bill cannot give us some clear explanation as to why a capitalization of $10 million should be needed to build half a mile of pipe line. That is one of the strangest

things I have ever heard, that you need $10 million capitalization in order to make a $15,000 outlay. This is a preposterous proposition. It is an insult to parliament and to hon. members of this committee to ask that we rubber stamp a measure which provides $10 million capitalization for a $15,000 expenditure. I wonder what this pipe line is going to be made of, because the capitalization works out to $3,784 per foot of pipe line? Perhaps it will be gold-plated but I do not think even if it were it would cost that sum.

What does this company take us for? Why does the company want all this money? Do not tell us it is under the control of the national energy board because that is not true. What is under the control of that board is an assessment as to whether this company should have a licence to export through its half-mile of pipe line.

Mr. Woolliams: What about building the pipe line?

Mr. Argue: It is not going to require $10 million to build it. Surely, my hon. friend does not suggest that. The national energy board will not have control over all the other powers this company seeks to have vested in it.

What would we say about the control the government could exercise over the railway companies of Canada if they presented to parliament a couple of dozen bills or perhaps one omnibus bill which placed under the control of parliament only a half-mile of railway line connecting the railway lines between each of the provinces? That is what this company in effect, is endeavouring to do. If the railway companies were to do what I suggested in that illustration it would destroy the control of parliament over the railway system of Canada because parliament would be given control over only a few miles of railway track on provincial boundaries.

I do not know why this company chose to build a half-mile of pipe line. I do not know why it did not choose to build an even smaller one. All it wants to do is dump products over the border. Perhaps the company thought the survey of the system would not be too accurate.

The company asks to build a mere half-mile of pipe line but once the company is incorporated—if that should happen—it will have the authority given it by parliament to build pipe lines within Manitoba. Parliament will have no jurisdiction over what the company does in Manitoba, provided it does not cross a boundary. The company could build pipe lines in Alberta, Saskatchewan, British Columbia, the Yukon and the Northwest Territories and parliament would have no control. The company could build pipe lines throughout western Canada with its $10 million capitalization and parliament would have no control, provided the pipe lines did not cross a provincial boundary.

The company is seeking wide powers in this bill. If passed, this measure will give the company not only the power to build pipe lines in half of the nation but will, under the provisions of clause 6, give the company power to build pipe lines for the transmission and transportation of oil and other liquid hydrocarbons and:

(a) within Canada in the provinces of Manitoba, Saskatchewan, Alberta and British Columbia and in the Yukon and Northwest Territories and outside Canada construct, purchase, lease or otherwise acquire and hold, develop, operate, maintain, control, lease, mortgage, hypothecate, create liens or other security upon, sell, convey or otherwise dispose of and turn to account any and all extra-provincial and/or international pipe lines and all appurtenances relative thereto for gathering, transmitting, transporting, storing and delivering of any natural or artificial gas and oil or any products or by-products thereof or any of them—

That is a lot of power for a company with half a mile of pipe line. The company could go all over Alberta gathering products under the powers sought in this bill. The company wants to build only a half-mile of pipe line, on the surface of it, but that is not all we are asked to rubber stamp. This will be one of the smallest pipe lines in Canada in terms of length.

What else does the company seek? Under the provisions of clause 6 the company seeks power to:

—own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking—

I do not know what the company will do with aerodromes in relation to a half-mile of pipe line. I have not the foggiest notion what the company proposes to do with all these powers. This is, apparently, an insignificant company. We let it go to the national energy board. Will they O.K. aerodromes and airplanes?

Not satisfied with that, the company also seeks power to:

—own, lease, operate and maintain inter-station telephone—

With a half-mile of pipe line one would think one could shout from one end of the line to the other and be heard. I continue:

—teletype and telegraph communication systems and, subject to the Radio Act—

I thank the company for that concession.

—and any other statute relating to radio, own, lease, operate and maintain interstation radio communication facilities—

It is a wonder the company does not want television facilities.

Mr. Speakman: It may do better than the C.B.C. at that.

Mr. Argue: Someone says, "It may do better than the C.B.C." Someone else wants them to have television facilities. I do not know why the company requires telephone, teletype and telegraph communication systems and aerodromes and airplanes.

An hon. Member: The Bomarc?

Mr. Argue: I do not imagine the company would waste its money on useless contraptions. I imagine this company will spend its money very carefully.

Mr. Chairman, may I call it six o'clock?

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Argue: Mr. Chairman, at six o'clock I was saying that this company, which intends to build a pipe line only half a mile in length, certainly seems to want tremendous powers. It is to be given the power to operate aerodromes, to maintain aircraft, to establish telephone systems, teletype and telegraph communication systems and a host of other powers. But this tiny company, this most insignificant of all pipe lines in relation to its length, is not satisfied merely with having the power to operate pumping stations, terminals, storage tanks, aircraft and aerodromes, etc.

In order, I presume, to facilitate the construction of this tremendous project and undoubtedly in view of the countless number of employees that will be necessary to construct and to operate this half mile of pipe line, the company is asking parliament and my hon. friends opposite to rubber stamp—I think they are rubber stamping it—a provision which will allow the company to purchase, hold, lease, sell, improve, exchange or otherwise deal in real property. They may subdivide this real property into building lots and generally lay the same out into lots, streets and building sites for residential purposes. Apparently they are going to erect a city somewhere along this half mile of pipe line. They may construct streets on this real property and necessary sewerage and drainage systems and build upon the same for residential purposes or otherwise and supply any buildings so erected—

Mr. Woolliams: I wonder whether the hon. member would answer a question.

The Chairman: Order. I just wanted to ask the hon. member for Assiniboia if we are already on clause 6 or whether he is still speaking on clause 1.

Mr. Argue: Mr. Chairman, I appreciate the point of order you have raised. Of course I am speaking on clause 1. I was not quoting, as *Hansard* will show. I was hitting and missing on certain very sweeping powers—

Mr. Brunsden: Mostly missing.

Mr. Argue: —that are very securely embedded in the bill. This company is asking parliament for the right to subdivide its real property, to build houses, to lay out streets, to build sewerage systems and to provide electric light, heat, gas, water or other requisites and to lease or sell the same upon such terms and subject to such conditions—

Mr. Woolliams: I wonder whether the hon. member for Assiniboia would answer a question.

Mr. Argue: I did not hear the question.

Mr. Woolliams: I will put it if you will listen. The Northern Pipe Line Company, which was incorporated last year for the purpose of exporting gas from the province of Saskatchewan, had the blessing of the provincial government and I should like to know whether there were not similar clauses in that legislation?

Mr. Argue: It is not a question of whether there were similar clauses. It is a question of whether it was a similar company and I answer the hon. member by saying no. Even if the company was identical, which it was not, the fact that it was done in one instance is no reason why we should do it again.

Mr. Woolliams: It is all right for the C.C.F. to do it.

Mr. Argue: I challenge the hon. member who has sponsored this bill to clean up this atrocity, to delete certain provisions of this monstrosity. Instead of the sponsor of the bill asking that this company be given the power to be a founder of cities and operator of airports, let him at least ask parliament for what he claims the company is seeking, namely, the authority to build half a mile of pipe line. After this company with its huge capitalization gets these tremendous powers it will have been clothed by parliament with the power to do all these things and I suggest that it is a disgrace; that we should not allow it and that the bill should be amended by deleting these provisions. We are being asked to approve powers to establish metropolitan areas, if you like, to build new cities, if you like. There is no limit provided in the bill, and after they have built all these houses they can lease or sell them upon such terms and subject to such conditions as appear requisite, either to their employees or to others.

Not only are we being asked to incorporate a pipe-line company but we are being asked to give the company the authority to commence housing projects, operate air lines, telephone systems, teletype and telegraph communication systems and countless other things.

Mr. McQuillan: May I ask the hon. member a question? Did he ever have the occasion to incorporate a company under the provincial laws of Saskatchewan by using the services of a lawyer who was worthy of his salt? If he has done so he will know that the terms are broad in any incorporation.

Mr. Argue: They may be broad and perhaps they are so broad that we should deal with them. It might be necessary to have such powers in the building of a trans-Canada pipe line over thousands of miles of territory. It might be necessary to have the right to construct homes for the hundreds and hundreds of employees who would be engaged in the work, but surely it is not necessary to have the power to enter into a housing development embedded in a law for the building of this flea bite pipe line in the province of Alberta, a quarter of a mile in Alberta and a quarter of a mile in the United States.

Mr. Bigg: Will the hon. member permit a question? Does the hon. member think that the building of this pipe line would assist in obtaining full employment for the people of Alberta?

Mr. Argue: The answer to that is that I doubt it because it is a flea bite.

Mr. Bigg: I do not agree.

Mr. Argue: It is a flea bite. The hon. member wonders how many men will be employed.

Mr. Bigg: I said I wondered how many men it would assist to employ.

Mr. Argue: There were 693,000 unemployed in the last count and there will be another count soon. Here is the answer to the question of unemployment: we are going to build a half mile of pipe line. If the government would build these aerodromes and other things perhaps it would be of some assistance.

In this case we have the Yankee buccaneers building the pipe line.

Some hon. Members: Oh, oh.

Mr. Argue: I am in good company when I use that phraseology. I travel in the same company as the Prime Minister except that he has changed, he thinks it is fine now. Instead of condemning this atrocity he is now promoting it. He is promoting it and I suggest that he should be condemning it on every score. I suggest that it is no wonder the government members of the committee rose to support the motion.

Mr. Churchill: I rise on a point of order. The hon. member said the Prime Minister was promoting this bill and it is not true. This is not the Prime Minister's bill.

Mr. Argue: How will the Prime Minister vote? How will the hon. member vote? Let us see where the government will stand.

Mr. Churchill: On a point of order. I suggest the hon. member correct his erroneous statement. This is not the Prime Minister's bill.

Mr. Argue: I did not say it was the Prime Minister's bill.

Mr. Horner (Jasper-Edson): Yes, you did.

Mr. Argue: I said the Prime Minister was supporting it and promoting it. My friend used the correct word and I use it as well. The Prime Minister is supporting the bill. The house leader is promoting the bill. He is going to vote for it, and he has been voting for it.

Mr. Speakman: How are you going to vote?

Mr. Argue: I am going to vote against it and have been voting against it. I challenge the hon. Minister of Veterans Affairs to stand up in this committee and say how he is going to vote on this measure. There is government unanimity and he says it is not a government bill. He says it is a private bill and they are not here to exert influence or have any say; just rubberstamping with their host of followers a bill that I suggest is an abomination and against the best interests of the country. I would suggest that it is little wonder, because of all of the bad features of this bill, that the members of the government party on the committee voted against a motion merely to defer consideration of the bill in the committee so that interested witnesses might have the opportunity to appear. I hope that parliament in this session will reject this measure.

Mr. Speakman: I should like to ask the hon. member a question before he resumes his seat. Since he has now completed his speech, and he speaks of course as the voice of authority for his party, perhaps he would now tell us why he is opposed to this bill. I have not heard that as yet.

Mr. Howard: You have not been listening.

Mr. Argue: I am not responsible for the mentality or the lack of it of the hon. member. It is perfectly clear in our view that this bill is such that it should not pass. I am not responsible for the fact that the hon. member is incapable of understanding.

Mr. Brunsden: I should like to ask the hon. member a question.

Mr. Argue: There is a war of Alberta in the house.

Mr. Brunsden: The hon. member talks about unemployment and about trade, but he also talks against this bill. I should like to ask him if he wishes to keep this great natural resource in western Canada landlocked. Does he wish to preserve it for posterity or does he wish to market it today? There will be a time when we have another form of energy and the same thing will happen to gas and oil as happened in regard to coal not very many years ago.

Mr. Argue: If my hon. friend had been listening and had a little more understanding, perhaps he would know what our position is.

Mr. Speakman: Never mind making remarks about people, just answer the question.

Mr. Argue: I realize that hon. members are in a hurry.

Mr. Speakman: Not at all.

Mr. Argue: We are very much in favour of obtaining adequate markets for the surplus products of the petroleum industry, but we think it is the duty of parliament to bring about the incorporation of pipe line companies which will export these products in such a way as to bring the greatest possible advantage to the Canadian nation. We think that is exactly what this pipe line will not do.

Mr. Woolliams: Mr. Chairman, rising once again to speak in reference to this matter, I should like to say that if any member feels there are serious questions that have not been answered I will endeavour to answer them. I am not going to take very long because I am the last one who would want to be accused of talking out his own bill. Certainly if there are any serious and honest questions, I will endeavour to answer them. I will assure every member of this committee that if there are questions which I cannot answer there are men who are connected with this company who will endeavour to supply the information.

It does seem to me, whether we like it or not, that the group in the corner have made up their minds that they are going to talk out this bill. I appeal to their intelligence. I have listened to the member for Vancouver East and have a lot of respect for him. He asked some serious questions this afternoon because he was seriously interested. I hope, in the same serious vein, that I can answer those questions.

I see the member for Assiniboia packing his papers and books. I hope he will remain with us long enough, now that he has finished his speech, to listen to some of the serious remarks that I have to make.

One of the questions that has been asked in this debate is, why is it necessary to come to parliament? Maybe it is my fault for not having answered this question before, but I thought I had. I will endeavour tonight to make this clear. Why is it necessary to come to parliament to ask for incorporation? I trust the members will bear with me when I go through the technical law in this regard, because it is very difficult to make an argument of this type. I am not appealing to emotion but to reason. I am appealing to reason based on the law of this country. If I am wrong, I trust that some hon. member will rise in his place tonight and correct me.

I should like to refer to section 25 of the energy board act, but before I do so I would refer to the fact that we are building one half a mile of pipe line. I should like to mention two points in that regard; first, why must we come to parliament? After I answer that question my second proposition will deal with the reasons for setting out the terms of incorporation as they have been set out. I am sure my friend from Assiniboia, who has a tremendous sense of humour, will bear with me while I read from the articles of incorporation of the Northern Pipe Line Company, and show that the one thing we missed—television—was included in the Saskatchewan bill.

Let us go back to my first point; why do we have to come to parliament? When the National Energy Board Act was passed, which incorporated some of the old pipe-line bill sections including section 25 to protect the Canadian public and the companies by making sure that equity was—I am sorry to see my friend from Assiniboia leaving. I am glad to see him return.

Mr. Argue: I rise on a point of order. I am listening with great interest to the remarks of the hon. member. I have an engagement tonight which I made a month ago. I must keep this engagement and I am already late. My hon. friend said he would be brief but I understand he has more to say.

Mr. Woolliams: I have been talking for only two minutes.

Mr. Argue: I regret very much that I will not be able to hear the hon. member.

Mr. Woolliams: This is one thing that should be noted. It is the first time we have been

invited to a political meeting in the House of Commons by the hon. member for Assiniboia. However, let us get down to brass tacks. These good orators from the C.C.F. leave; and this applies not only to members from the C.C.F. I noticed the other day that another good orator left as soon as he had made his point and made the press. I should like to emphasize the press. That is important for some members. Let us get back to the matter under discussion.

Mr. Broome: I rise on a question of privilege. I believe the hon. member is referring to me.

Mr. Woolliams: May I end this argument right now, Mr. Chairman. I had no thought of referring to my good friend from Vancouver South. I want to say that I am really sorry that he even thought I might have done so.

Mr. Howard: Are you thinking about the Prime Minister?

Mr. Woolliams: I want to come back, if you will bear with me, Mr. Chairman, for a few minutes to the question of the National Energy Board Act. Section 25 reads as follows:

(1) No person, other than a company, shall construct or operate a pipe line.

I want you to take heed. Everybody has been seeking facts.

(1) No person, other than a company, shall construct or operate a pipe line.

Then it goes on to say what kind of pipe line. Let us see the definition of company. A company means, under these circumstances, as follows:

(c) "company" means a person having authority under a special act to construct or operate pipe lines;

That is the reason we are here tonight, and have been before parliament on several occasions asking for incorporation. Then, we must go to the definition of a pipe line under the same act. It is defined as follows:

(m) "pipe line" means a line for the transmission of hydrocarbons connecting a province with any other or others of the provinces,—

Those hon. members who have given this matter careful study, and who are really conscientious in their study, will appreciate the fact that the wording of subsection (m) of section 2 is copied directly from the British North America Act. Paragraph (m) continues as follows:

—or extending beyond the limits of a province, and includes all branches, extensions, tanks, reservoirs, pumps, racks, compressors, loading facilities—

And so on. In other words—and let us get down to ordinary language—no company can go before the energy board or do any one of the things we ask parliament to incorporate us for unless they come before this parliament and ask for a bill to incorporate the company. That is the first thing. Then as to the company, the definition of a company is one that is created by a special act and that act, Mr. Chairman, is an act of this parliament. Then it deals with pipe lines, the kind of pipe line suggested by this particular act, and exporting a particular ingredient. That is an important matter. Several hon. members have inquired why we have asked for the incorporation of a company for half a mile of pipe line. No Alberta company, Saskatchewan company or company formed in Manitoba can come before the national energy board. The company, because of the National Energy Board Act, must be a company created by a special act of parliament. That is the reason we are here.

Let us just look back to the past. I always think that history has some advantage in this regard. I am sorry that my good friend from Assiniboia has left because I want to deal with the Northern Pipe Line Company which was incorporated by chapter 61 of the statutes of Canada, 1960. If we go back, Mr. Chairman, to page 4379 of *Hansard* for 1960, we shall find that the hon. member for Kindersley rose in his place in the House of Commons to sponsor a bill for the incorporation of a company that would export from the province of Saskatchewan the same products as the company of which we are asking incorporation here. The reason that he was the bill's sponsor no doubt was that he is one of our most charming members of parliament in the Conservative ranks, a man who is now 70 years of age and who had a birthday the other day. He rose in his place sponsoring a bill to incorporate a company in the province of Saskatchewan to do exactly what we are doing in the province of Alberta.

An hon. Member: In the same circumstances?

Mr. Woolliams: Why do I make this point? As reported at page 4381 of *Hansard* of 1960, a member of the C.C.F. rose in his place. Everyone to a man, if they are sincere, would endorse the terms and conditions of the act to which I am referring and which was ridiculed by the hon. member for Assiniboia. Every term and condition was ridiculed, except one. I am sorry but I made a mistake. I do not want to lead the house astray in any particular.

Mr. Peters: You could not do so.

Mr. Woolliams: The hon. member for Assiniboia said that we forgot television. May I refer to page 41 of the 1960 statutes which contains the same identical section the hon.

member for Assiniboia ridiculed in reference to this company. That section was included in the bill with respect to that company and was endorsed by the C.C.F. who wish to talk this bill out. It is contained in section 6 with one clause added "or television communication facilities". He got a big laugh from the House of Commons. I am serious tonight. I do not think it is any laughing matter. I now want to read from page 4381 of *Hansard* a portion of the speech of the hon. member for Burnaby-Coquitlam as follows:

> Mr. Speaker, I want to express my appreciation to the hon. member from Kindersley (Mr. Hanbidge) for his fine remarks in presenting the bill to the house.

I intend to emphasize that every term and condition, with the exception of one or two things which I will mention later in this debate, was identical to what we are asking in the province of Alberta and was endorsed by the people who say they are presenting honest and straightforward arguments with no intention of talking this bill out. The quotation continues:

> I should like to hear him, either when he concludes the debate or maybe this information can be made available when the bill is referred to the committee, on the reaction of the government of Saskatchewan—

There is no one in the house who needs to be reminded, even the hon. member for Vancouver South, that the government in Saskatchewan is a socialist government, the only C.C.F. experiment on the North American continent. The hon. member for Burnaby-Coquitlam wanted to know the reaction of the Saskatchewan government. May I emphasize that every term and condition that is contained in our bill is contained in the Northern Pipe Line Company bill and was endorsed by the eight members of parliament who today say they rise in their places conscientiously, without benefit of lobbyists, to oppose continually and talk out a bill merely to incorporate a company.

I have listened over the months to men in that corner of the house. I know that hon. members will agree with me tonight when I say that there is tremendous intelligence in that group. I appeal to that intelligence. I ask them to rise and to speak according to their minds and to the dictates of their hearts—

An hon. Member: We will.

Mr. Woolliams: —and to say tonight that they realize that what they did when they voted for the Northern Pipe Line Company and promoted that company as a company from the province of Saskatchewan because they are C.C.F., they did believing it to be proper and of benefit to the province of Saskatchewan. What they did on that occasion I ask this committee to duplicate on this occasion. Perhaps I may just go on reading:

> Mr. Speaker: If the hon. member for Kindersley speaks now he will close the debate.

No one objected to that. Then the hon. member for Kindersley went on:

> Mr. Hanbidge: May I say a word, Mr. Speaker.

He went on to say:

> With regard to the matter raised by the hon. member for Burnaby-Coquitlam (Mr. Regier), I have to take that up with Regina. I am quite sure my hon. friend agrees with me that the government of the province is most interested in the development of the resources of the province and will do everything it can to co-operate with us in getting this company incorporated so that it will develop the oil and gas fields in Saskatchewan and promote the sale of the product.

Let us go back for a few moments. As I put the facts on the record tonight, I am speaking without any notes. I would be the last person to put any facts on the record which I did not believe to be true. I know that if my hon. friend from Assiniboia were here and were not at a political meeting he would agree with me.

However, I scanned quickly over the record in the lunch hour and found that this company was incorporated wholly with United States capital. It was wholly under United States control. Not one voice was raised by the boys in the corner, because they wanted to create every advantage for the government of the province of Saskatchewan so people would say they were doing the job well.

This is my plea to them tonight. I am sure some of these hon. members are more serious minded than they appear, and I am sure the hon. member for Peterborough will not laugh if I am completely serious about this matter. We are asking to have the same privilege in the sister province of Alberta which, because of the fate of politics, has a Social Credit government whereas Saskatchewan has a socialist government. In many ways the industries of both provinces compare one with the other. Both are agricultural provinces; both have a petroleum industry.

I come back to the Northern Pipe Line Company bill, the Minnesota pipe line system. If you analyse it, there was not one Canadian dollar in Northern Pipe Line Company. I need not go into details; I need only refer to page 4379 of *Hansard,* volume IV, 1960. When hon. members rise in their places in the House of Commons, as did the hon. member for Vancouver East, and say that theirs is a responsibility greater than that of the average member, I ask the hon. member to look at the record. On that date, May 31, 1960, he rose in his place in

the House of Commons, or remained silent—one or the other—but he endorsed everything we are asking for in the incorporation of our company.

All we from Alberta are asking is to export condensate from the Pincher Creek area. The Pincher Creek area is rather historical. Those who have lived in Alberta—it was not my lot to be born in that province—are rather proud of Pincher Creek because it stands for two things. It is one of the great ranching areas and it is where petroleum was first found in western Canada. It created a great secondary industry, if not the first industry for those western provinces.

All we are asking is to export condensate. I have said this on three occasions, and I certainly have no malice in my heart for anyone who honestly and conscientiously, irrespective of his party, rises and opposes me in sponsoring this bill. I have asked, "What is the definition of condensate?" We have a problem in western Canada, and this is why I ask for the greatest amount of reason from the C.C.F., and I know they have a great deal. We have a surplus of wheat and we have a surplus of cattle. In fact, when I was in Japan the Japanese said, "You Canadians are unusual because your problem is that you have a surplus of everything". Now we have a surplus of petroleum.

Condensate is crude petroleum. It is the kind of product that can be properly exported from the province of Alberta or any western province to the northwest United States. I will repeat this. It can be exported to bring up our exports to 600,000 or 800,000 barrels of crude a day. In order to keep that industry healthy we are asking to build 41 miles of pipe line in the Pincher Creek area. That pipe line will be built by the Hudson's Bay Oil and Gas Company, not by Aurora.

Hon. members have risen in their places and asked, "Why are they not building the 41 miles of pipe line?" I have read the statement which gives the reason the half-mile must be built by a particular company.

As a sponsor of the bill and of the company, which is a Canadian company, I have set out the facts. We have nothing to hide. Surely no one will rise in his place and say that we created the law. When we sponsor a bill that concerns any industry, even if it be in relation to a United States company, that company must abide by the law. That is the reason we must come to parliament to create a company for half a mile of pipe line. The 41 miles of pipe line, if and when this charter is granted and if and when the national energy board and the Alberta oil and gas conservation board approve it, would be built by the Hudson's Bay Oil and Gas Company. This would be to the benefit of people who need employment in the province of Alberta.

I come now to the crux of the question. We are asking to do what everyone in their right senses realizes has to be done in order to get rid of our crude. We are right up to our ears in crude, in the province of Alberta, and we want to export it to the northwest United States. Hon. members will recall that we were criticized by the Social Credit government because we did not do it sooner. I am not here to argue the pros and cons of this matter, but we are asking to export a commodity of which we have a great deal. I said this the other day also.

I hope I am making myself clear in endeavouring to answer every question. I hope that when I resume my seat any really serious and honest questions in the minds of any members will be asked of me. If hon. members will put their questions briefly, I will rise in my place and answer them. All I am asking is this. Here we have a petroleum industry. We are asking to export crude petroleum to the United States because we have so much, like our wheat, our cattle and our uranium. We are asking this so we can create an industry that will give employment.

Hon. members from all parties in this house have talked about unemployment, particularly those members in whom I have a great deal of pride because they have risen from the ranks of labour. I have laboured myself. These hon. members have said they want to help people who are unemployed. Surely, to keep an industry healthy in a province, to build pipe lines and export when we have so much of the commodity will create employment. When you create an industry that will help our imbalance of trade with the United States, surely that is the only answer we have to unemployment.

If these hon. members are honest and sincere—and I am going to listen very carefully to what is said tonight—in what they say about solving the unemployment problem, I say to them with all the sincerity I can muster that if we are to reduce unemployment in the province of Alberta we must keep our petroleum industry healthy.

I would draw their attention to one thing. They talk about United States capital. Last week, according to the Calgary *Herald* and the Alberta newspapers, the *Rocky View News* and the *North Hill News*, which are newspapers published in Calgary, a $20 million processing plant for by-products went up within a few miles of Calgary. I believe every dollar of that $20 million was from the United States, but I believe every man who walks into the door when the

plant is open will be a Canadian taking his place at work, so that he may live in dignity with his family. I get sick when I hear lip service being paid to the plight of the unemployed. In your hearts you know, you people over there do want full employment but, really, you pay lip service to the idea because what really concerns you is political expediency. Members may accuse me of talking out my own bill, but I cannot sit in my place—I cannot be like those who have been trained longer in parliament than I—and listen to the abuse to which I was subjected this afternoon. It was said that it was a disgrace to bring in a bill which would mean the export from Alberta of a commodity which we have in such surplus. Natural gas is like wheat or any other product which we must sell to survive.

This is no time for joking. The man who has striven to be the leader of the new party in Canada stood in his place tonight and ridiculed proposals along lines which he himself had endorsed one year ago when they related to his own province. For the sake of his own political expediency he endorsed his own proposals at that time because, as he said on the platform, the old parties, the Liberals and the Conservatives, had done nothing for this country. I believe the Liberals and the Conservatives have done a lot for this country, as we all realize if we consider its development since confederation. All this has been accomplished under the Conservatives and Liberals.

Let us return to clause 6. A clause similar in every way was included in the measure respecting the Northern Pipe Line Company which hon. members in the C.C.F. group endorsed. No wonder they look serious. No wonder they are quiet in their places.

An hon. Member: Not serious, but bored.

Mr. Woolliams: If members of that group are bored they should have seen the reaction when they were speaking. I hope those hon. members will bear with me. I know that in their hearts they are conscious of what they would like to do, but because of considerations of political expediency it is apparent what they will do. They will talk out this bill for development.

Mr. Howard: That is not true, Eldon.

Mr. Woolliams: I am glad the hon. member called me by my first name, even though it is not in accordance with our parliamentary procedure. Now I will read clause 6. The company may—

> Within or outside Canada . . . construct, purchase, lease or otherwise acquire and hold, develop, operate, maintain, control, lease, mortgage, hypothecate, create liens or other security upon, sell, convey or otherwise dispose of and turn to account any and all extra-provincial and/or international pipe lines and all appurtenances relative thereto for gathering, transmitting, transporting, storing and delivering of any natural or artificial gas and oil or any products or by-products thereof or any of them; including pumping stations, terminals, storage tanks or reservoirs and all works relative thereto for use in connection with the said pipe lines; and buy or otherwise acquire, transmit, transport and sell or otherwise dispose of and distribute natural or artificial gas and oil and any products or by-products thereof; and own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate, and maintain inter-station telephone, teletype, and telegraph communication systems and, subject to the Radio Act and any other statute relating to radio, own, lease, operate and maintain inter-station radio communication facilities;

Every one of the provisions included in this clause was included in the bill which was supported by the hon. member for Assiniboia and his friends. Let us ask a simple question: why are these things included here? As one hon. member said tonight—I do not remember who it was—when you are incorporating a company you must make its powers wide enough to take care of any difficulties which may arise. I may say that I practised law in Saskatchewan, and I had a great deal of respect for the attorney general of that province at that time. When we incorporated companies, all these powers were included in the articles of incorporation. Why make funny speeches? How can members practise socialism in one province and then give lip service to something entirely different outside the province?

Now we come to the capital structure of the Northern Pipe Line Company. It is stipulated that the capital stock of the company shall consist of just two million common shares with a nominal par value, and 200,000 preferred shares of par value of $100 per share. The capital structure is thus greater than that of Aurora pipe lines, but every company which is incorporated always has a greater capital structure than is necessary for its immediate objects, and all of its powers are wide enough to cover various subjects. That is part of the incorporation. It is part of company law. An hon. member may rise in his place and say: why do lawyers do this, that and the other? But I say: if anyone of you is sick, to whom does he turn? He turns to a doctor. Similarly, anyone who needs legal advice about incorporating a company turns to his lawyer.

The Chairman: I am sorry to interrupt the hon. member, but his time has expired.

Mr. Broome: Let him go on.

Mr. Woolliams: I have just one or two other things to say.

The Chairman: Has the hon. member leave to proceed?

Some hon. Members: Yes.

Mr. Woolliams: My hon. friend from Vancouver South says "Let him go on". Even though he does not endorse this bill he has no objection to my advocacy of it, and it shows there is always good will in our party.

The hon. member asked one or two questions with reference to the building of the pipe line—that 41 miles. I have read the letter of March 3, 1961. I have explained fully that will involve the use of Canadian labour. I have explained why that half a mile of line is proposed to be built by the Aurora Pipe Line Company. It is part of the law, under the National Energy Board Act, and we cannot escape its provisions. We are creatures of the law in this respect as we shall be creatures of the law which this parliament will create when it incorporates this company.

I just want to end on this note. If there are any points which any hon. member conscientiously and honestly believes have been left unexplained, will he put the question in a few words and I, for my part, will try to give an answer in a few words. Let us get on with the job and go forward with a measure which will be the means of creating employment for the people who need employment, because only by trading shall we ever attain full employment. Let us not give lip service to any other formula when only a sound economy based on trade can bring help to the men and women who need jobs.

Mr. Howard: I listened with a great deal of interest and attention to the hon. member for Bow River and his sometimes simpering request to do certain things, particularly, as I understood it, to delve the depths of our consciences and to use that as a guide for explaining our position with respect to this bill. That, of course, has been my approach to this measure ever since it came up for discussion in the first instance. I have repeated time and time again the reason we are concerned about it. That reason is, Canadian ownership, Canadian operation, Canadian control and Canadian interest.

Mr. Woolliams: Mr. Chairman, would the hon. member permit a question. Does the hon. member have knowledge of any other company that fits into his formula with respect to complete government control that could do the same job in Pincher Creek? If the hon. member knows of the existence of such a company I should be pleased to hear about it.

[Mr. Woolliams.]

Mr. Howard: Unfortunately we do not have in office a government that believes in keeping its electoral promises or perhaps we might have had.

Mr. Horner (Acadia): That is tommyrot.

Mr. Howard: I hear a noise again.

Mr. McQuillan: Mr. Chairman, would the hon. member permit a question.

Mr. Howard: Here we are trying to get across—

Mr. Horner (Acadia): The hon. member is making false statements.

Mr. McQuillan: I do not often interrupt the hon. gentleman to put questions to him. Perhaps the hon. member would allow a question.

The Chairman: Order. I understand that the hon. member for Comox-Alberni is asking the hon. member for Skeena if he would accept a question.

Mr. Howard: I should be glad to allow all the questions hon. members desire, but I ask that they keep them on the subject of the bill before us. You know as well as I do, Mr. Chairman, how easy it is for hon. members to place blocks and diversions in the way of a steady course of discussion. I will certainly entertain the hon. member's question.

Mr. McQuillan: I will accede to the wishes of the hon. member in the terms of keeping a steady course. The hon. gentleman has been talking about United States ownership and participation. Would he tell the committee where the major part of the membership is with respect to the International Woodworkers of America of which I understand the hon. member is past president of a local and of which one of his colleagues is a past organizer?

Mr. Howard: You bet I will and in the process I will tell the hon. gentleman how little he knows about trade union structures, and especially that of the I.W.A. I would not care to deal with how little the hon. member knows about other subjects.

In dealing with the hon. member's question, let me say I fear that I will be called out of order during the course of my remarks. However, the hon. member for Vancouver South, who supports the government, will bear me out when I say that the membership of the International Woodworkers of America is drawn from among and is controlled by Canadians which is more than I can say for some of the lumber associations to which the hon. member for Comox-Alberni belongs

and for this pipe line company. Every cent collected through the I.W.A. is spent in Canada.

Mr. McQuillan: That is your story.

Mr. Skoreyko: That is more than can be said for the pipe-line company in Saskatchewan.

The Chairman: The question was not in order but I allowed that short answer and I think that should be sufficient.

Mr. Howard: Although we have disposed of some red herrings, I suppose there will be more as time goes on. The hon. member for Bow River and other hon. members made reference to what I understand is called the Northland Pipe Line Company.

Mr. Speakman: Northern Pipe Line Company.

Mr. Howard: Yes, Northern Pipe Line Company. Hon. gentlemen went to some lengths to deal with the attitude of the C.C.F. with respect to that bill in an earlier session. A basic distinction between socialists and Tories is that socialists believe when they have made an error there is no sense in compounding it by making another. If I am considered in error for having supported the Northern Pipe Line Company bill that is no reason why I should again make a fool of myself regardless of the circumstances.

The hon. member for Bow River mentioned being sick to his stomach with respect to people paying lip service to the salvation of the unemployed. The hon. gentleman must get violently ill every day when he looks across at the cabinet. No group since the days of R. B. Bennett has been more guilty of paying lip service to this question than the carload of hon. gentlemen opposite.

Mr. Horner (Acadia): You have eight right there in that corner.

Mr. Howard: There is a carload sitting opposite.

Mr. Woolliams: Would the hon. member permit a question. If I correctly understood the hon. member for Assiniboia the other day he quoted R. B. Bennett with approval—

Mr. Howard: Wait a minute.

The Chairman: Order. I understand that the hon. member for Skeena is not allowing any questions.

Mr. Smith (Winnipeg North): The hon. member has no answers, that is why.

Mr. Howard: I am not embarrassed; I say only this.

Mr. Woolliams: The hon. member left the impression that he might answer my question, Mr. Chairman.

Mr. Howard: I shall be pleased to answer the questions of hon. gentlemen on any subject, but particularly the subject of this bill. However, I invite hon. gentlemen to jot down their questions and put them to me at the conclusion of my formal remarks. We all know how easy it is to have one's remarks cluttered up with inconsequential questions that are out of order. With the permission of hon. members opposite I will proceed to deal with the remarks of the hon. member for Bow River and his gratuitous short course in law.

The hon. member's legal lecture dealt with his own interpretation of the subject. I place little reliance on his teaching ability because of his capacity for substituting one word for another and altering their meanings. I refer to his references to "shall" and "may" with which I shall deal later, if hon. members wish.

As reported at page 2705 of *Hansard* of March 6 the hon. member in his remarks dealt with the structure of the national energy board and the act under which it operates. He said in effect that in 1959 parliament passed the National Energy Board Act giving the board certain responsibilities and therefore we should have faith in the board in carrying out its responsibilities and give rapid and easy passage to the bill before us so the company could appear before the board.

I shall not quote the hon. gentleman's remarks in full but he made reference to sections 10, 27 and 44 of the National Energy Board Act. I shall not quote these sections nor the hon. member's remarks concerning them. I may be guilty of oversimplification in saying that he said that section 10 sets out that the board is a court of record, that section 27 deals with the granting of licences or certificates and that section 44 deals with the responsibility of the board relating to inquiring into the corporate structure of applicants. If I am wrong in my interpretation the hon. member for Bow River can correct me.

The hon. member said, in effect, that this board established by parliament had vested in it certain responsibilities and therefore we should place reliance on the ability of the board to carry out its responsibilities in the best interests of Canada.

The hon. member for Bow River dealt with section 25, in part III of the act, during the short course of law that he gave us gratuitously a while ago. Of course, being a layman in this field, I must grope my way rather

blindly and obviously cannot be as glib as the hon. member for Bow River in this regard. I will have to take the words as I understand them. In any event, the hon. member quoted section 25 (1) as follows:

> No person, other than a company, shall construct or operate a pipe line.

Then he referred to the interpretation section which tells us what a company is and said that section 25 was the reason a private bill had to be introduced. Sections 25, 26 and 27 deal with all sorts of things but the key part is that no person, other than a company, shall construct or operate a pipe line. The bill now before us seeks to give authority to a company, as defined in the National Energy Board Act, to construct or operate a pipe line and, specifically, to construct or operate half a mile of pipe line. That is all that is being dealt with in this particular instance. If they spent the whole $10 million capitalization on building that pipe line it might provide some employment because they would be spending at the rate of about $4,000 a foot, but I do not think that is what they are going to do. In any event, I wonder whether or not this a matter which has been considered, whether or not the national energy board under its authority has done so under similar circumstances and whether or not this would not be the proper course to follow if this company sought only to build half a mile of pipe line and did not at some time in the future seek to engage in all these other activities involved in the building of homes, airports and all those other things found in the bill which the hon. member for Assiniboia indicated it was their intention to do.

Let us see what section 49 of the National Energy Board Act says. It reads as follows:

> The Board may make orders exempting lines or parts of lines, not exceeding in any case a length of 25 miles, from any or all of the provisions of sections 25 to 28.

What does section 25 say? It says that no person other than a company incorporated by private act shall construct or operate a pipe line, but the board can waive that provision and can say that a company that does not have to be incorporated by private act can proceed to engage in this sort of thing. When we are given references to and interpretations of the statute by hon. gentlemen who are learned in the law, I for one expect them, especially if they are going to appeal, as some of them have, on the basis of emotionalism and not on the basis of sense or logic, to give us all of the law and point out that here is another possibility which has not been foreseen.

Mr. Brunsden: On a point of order, Mr. Chairman, is this a dissertation on the energy board or is it a debate on the Aurora Pipe Line Company?

Mr. Howard: If I may be heard on the point of order, Mr. Chairman, in listening to the remarks of the hon. member for Bow River I thought the discussion concerned the Northern Pipe Line Company which was established last year and has nothing to do with this measure.

Mr. Woolliams: I should like to speak to the point of order if I may. The hon. member knows as well as I do that I drew that analogy because someone rose and wanted to know the facts about the capital structure. I pointed out that the capital structure of that company established in a socialist province was identical with that of Aurora Pipe Line Company. That is the reason the analogy was drawn. The hon. member knows it, I know it, and everybody knows it.

Mr. Howard: If I may say another word on the point of order before you rule, Mr. Chairman, the hon. member for Bow River has now substantiated my position and in effect I think he is asking you to rule that there is no point of order. I was dealing with the National Energy Board Act for the precise reason that other members who preceded me had dealt with it. Specifically, the hon. member for Bow River quoted section after section of that act. I think there is no point of order.

Mr. Brunsden: Speaking to the point of order, Mr. Chairman, may I say that we have before us a bill that is of some importance to the province of Alberta and we are frittering away our time. My friend loves to do so and he wants to talk out the bill, but we are not dealing with the bill. We are dealing with inconsequential matters that are on the fringe of the bill and I respectfully suggest that the hon. member be called to order.

The Chairman: I think hon. members will agree that the debate so far has been rather wide. I would think it would be very difficult to rule that the hon. member for Skeena is out of order because the relationship between the bill before us and the National Energy Board Act has been one of the topics of the debate. I am not making a general ruling but a very specific one and I must say that the hon. member for Skeena cannot be more out of order than other members who have preceded him.

Mr. Howard: Mr. Chairman, I was not able to find this reference earlier or I would have given it to you. However, I can do so now by way of debate and I wish to do so because it deals specifically with the point at issue. I

am referring now to some remarks appearing in *Hansard* which have to do with the coal industry, of all things and, as found on page 1370 of *Hansard,* I should like to quote clause 5 of the bill which was quoted then:

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

I forgot to mention that I am referring to the speech made on second reading of the bill on January 24 by the hon. member for Medicine Hat. At that time he went on to say:

> The National Energy Board reports to parliament. There is the safeguard for the people of Canada with respect to the operation of this particular company after incorporation, and it seems to me that that should be sufficient for all of us.

Mr. Brunsden: I did not labour it for an hour.

Mr. Howard: Inasmuch as the hon. member for Medicine Hat opened up the subject on January 24, perhaps he would be kind enough to let me follow along and point out how fallacious his argument was at that time when he said that we should surrender jurisdiction to the national energy board and not consider the matter ourselves.

Mr. Brunsden: Take another 30 minutes.

Mr. Howard: It is quite true that the member for Medicine Hat did not belabour the point for half an hour, but it was six o'clock when he got to that point in his remarks and his speech was interrupted because of the rules of the house. In any event, I will deal with one or two other points.

Mr. Deschatelets: Don't be too hard on him.

Mr. Howard: No, this is all put forward in that kind of spirit of discussion that the hon. member for Bow River referred to a while ago.

Mr. Deschatelets: He has not got much experience.

Mr. Howard: Oh, I beg to differ.

Mr. Bigg: Have a little chat out in the lobby if you wish, but if you are going to speak address the Chair.

Mr. Howard: I am very sorry and I apologize to you, Mr. Chairman, and to the committee for engaging in these remarks on the side. You must admit that they were tempting. I should like now to refer to some of the remarks of the hon. member for Vancouver South in his speech on March 6, as found on page 2675 of *Hansard.* I wish that more hon. members would be like him and would have that independence of mind, depth of conscience and clarity of thought that would allow them to take a stand similar to that of the hon. member for Vancouver South with regard to this bill and, incidentally, with regard to other bills. We all know, of course, that his independence of thought and action does not coincide with the wishes of the cabinet. Let us see what he is reported as saying at page 2675. I will just read those relevant portions. He is reported as follows:

> Some of the statements have been made almost on the assumption by the speakers that it was a government bill, when everybody in the house should know that, as a private bill, the government is not involved in it in the slightest degree.

He goes on to say:

> —the party whip was in no way involved in the decisions that are taken by hon. members in the private members' hour. There is no party whip on this bill. All members are entitled to speak on this bill as they think right and proper.

I agree that is the proper course to take but the implication is clear that in regard to all other government bills members are not entitled to speak or vote as they think right and proper. Is it a proper implication that when the party whip is around, in regard to government legislation, there is no independence of thought in the ranks of the 200 members? I do not know whether that is the situation but I certainly read it into the remarks of the hon. member for Vancouver South. We all know how the party system controls the votes of those members on the government side of the house, and I can imagine that there was a big argument during the government caucus regarding that position taken by the member for Vancouver South, which was obviously in opposition to the silent government. I can imagine that there was a question raised on Wednesday morning in that great railway committee room as to why the hon. member for Vancouver South had the temerity to act as an individual, when in reality he was not supposed to. I realize that he comes from British Columbia and possesses that desire for independence which all individuals from British Columbia have, and I have great admiration for him in that regard.

That hon. member made remarks regarding Canadian ownership and control. He read excerpts from the proceedings of that committee. I do not wish to belabour the point by reading them again but I point out that they are available to anyone wishing to read them. He did point out that one of the answers given by Mr. Burgis was not a factual statement. Mr. Burgis did not tell a falsehood. He did not tell the whole truth but phrased the truth in such a way that it led members of that committee into the belief that shares had

been offered to the Canadian public, although there was no public clamour for ownership. The member for Vancouver South pointed out quite clearly and honestly that this was not the case. He pointed out that not one share had been offered to the Canadian public, and I believe that is the key to this whole consideration.

Let us refer to some of the remarks made by the member for Bow River in regard to Canadian ownership and participation. One of the extensive arguments that we receive from members on the government side of the house is that we have a national energy board with certain responsibilities, one of which is to see that there is a certain amount of Canadian participation in a particular company. The impression is left that the national energy board will protect Canadian interests and that if there is not a sufficient amount of Canadian ownership of these pipe line companies the board will not grant a certificate. I think that is also the implication of many of the remarks which have been made. Let us see if that is precisely what the National Energy Board Act says. The relevant portion is section 44, and this has been distorted somewhat by my hon. friend for Bow River. Section 44 provides that the board "may" do certain things. This is a permissive word, not a mandatory one regardless of how the hon. member for Bow River substitutes meanings. Section 44 provides that the board may, subject to the approval of the governor in council, do certain things. We find that the government does have a finger in this control. The board is not an agent of the government, but we find a degree of government control which makes sure that the board carries out what it is supposed to do and does not stray too far from Tory philosophy, whatever that might happen to be from day to day. The board may issue a certificate in respect of a pipe line or an international power line if it is satisfied as to certain conditions.

Mr. Brunsden: Are you reading now or just talking?

Mr. Howard: I propose to read section 44(d):

> —the financial responsibility and financial structure of the applicant, the methods of financing the line and the extent to which Canadians will have an opportunity of participating in the financing, engineering and construction of the line.

That does not in any way say that the extent of participation shall be 10 per cent, 2 per cent, 50 per cent or, and I believe Mr. Burgis mentioned this figure, 9.6 per cent. This section merely suggests that the national energy board may have regard to the extent to which Canadians will have an opportunity of participating in the financing, engineering and construction of the line. Those are the powers given to the national energy board to ensure Canadian participation in pipe lines. Presumably this law, introduced by this government, has some connection with a paragraph in the speech from the throne this year which reads as follows:

> You will be invited to consider means by which to encourage a greater participation by Canadians in the ownership and control of industry and resources in Canada.

That is wonderful, and that is from the speech from the throne. To make it official I might say I have the record, another piece of fiction, but, something which Tory members hold up as containing the truth.

Mr. Woolliams: The new testament?

Mr. Howard: Yes, the new testament and I find five specific items in this "new testament"—what a blasphemous reference that is—which are false.

Mr. Brunsden: Speaking to a point of order, the hon. member in the exuberance of his verbosity is calling the speech from the throne a piece of fiction. He referred to a pamphlet as another piece of fiction. I take it he meant the first was also fiction and, if so, he should withdraw that remark.

Mr. Howard: If the hon. member for Medicine Hat has come to that conclusion, then I can in no way account for his interpretation of what the speech from the throne meant. I will tell him that the government has as yet not lived up to the speech from the throne, nor has it lived up to any speech from the throne that has been put forward by this government since it has been in office.

The Chairman: Order. I regret to tell the hon. member that his time has expired.

Mr. Kindt: Mr. Chairman, I rise to speak to this bill because I want to support it with all the force and energy that I have at my command.

As a preamble to what I have to say, I want to inform the committee that this pipe line from Pincher Creek to the boundary line is mostly in my riding of Macleod. We are tremendously interested in that area in the development of industry, exports and markets for these surplus hydrocarbons. For those who know very little about the gas and oil business, perhaps I might be pardoned if I just take a moment to say that when natural gas comes out of the ground, on the average 90 per cent in Alberta is wet gas; the other 10 per cent is dry gas. That wet gas must be scrubbed and separated. In that separation,

you take out the methane, the ethane, the propane, the butane, the pentane and the sulphur dioxide. The only natural gas that is put through the pipes to Ontario and the United States, in the large 36" pipes, is the methane gas. A market must be found for the other by-products of the gas industry. It is with those by-products and their markets that this bill deals, as they relate to the southwestern part of Alberta.

I want to say this. You cannot sell methane gas unless you take care of the by-products. The conservation board in the province of Alberta requires that these products either be marketed successfully but not wasted; they must be conserved. What is happening now in the B.A. gas field southeast of Pincher Creek is that by-products are being pumped back down into the ground for conservation. What these people want in order to operate economically, to cover their costs, to develop new fields, to increase the size of the industry, to have development, and to give employment—in order to do all these things that we are all hopeful that our industry will be able to do—is to find markets for these by-products. That is what this bill has set out to do. That is why we have been behind it. That is what we are searching for. We are hoping to find markets for these products.

We are splitting hairs when we talk about ownership and a number of problems like that. After all, I have every confidence that the people behind Aurora Pipe Line Company will give maximum consideration to Canadian participation. I believe that these people, deep down in their hearts, want Canadian participation. They want the good will of the Canadian people and may I say that they are out to assist in every way possible to develop industry in western Canada.

There is one other point I wish to make. The B.A. Oil Company, operating seventeen miles south and east of Pincher Creek, is now distributing well over 50 per cent of the natural gas which is being piped to Ontario to warm Ontario homes. That is something to ponder and consider. I refer to the fact that out of that one small area you have this tremendous volume of natural gas. Just west of Pincher Creek some ten or 12 miles, another field is being developed by Shell Oil Company and they also will have their problem of marketing by-products.

Before you can strip out methane and put it through the pipelines to California or export it to Ontario you must find a method by which to take care of those by-products. It is the problem of a market for those by-products that this Aurora Pipe Line Company seeks to solve. That is why I, as member of parliament for Macleod riding, feel it my duty to rise in my place and do everything I possibly can to support this bill.

For the life of me I cannot see how a small and, I may say, vocal group in the far corner of the chamber can continue to filibuster a measure such as this one which is in the best interests of the people of that area. It would give employment. I may say that the other pipe lines which are being built through the Crowsnest pass down to Kingsgate and in that direction are giving a tremendous impetus and employment to the people of that area. But before this pipe line can properly operate from Savanna Creek, from the Shell plant at Pincher Creek and from these other areas we must, above all, find a market for these surplus products. There is no room, when starting a new field to pump them back down into the ground. In other words, at present the only place where by-products can be disposed of is in the ground. So I say that in order for these companies to operate economically, they must have a market for these surplus products.

There is no other way in which to deal with them than to sell them to whomever we can sell them and wherever we can find any market for them. They must be shipped by pipe line. They cannot be transported otherwise; except in the case of sulphur, they must be put through a pipe line. That is the most economical way of transporting them. Then, by fractional distillation they are made into some 10,000 different products. For those hon. members who are not familiar with the oil industry let me say that from these by-products about which we are talking here this evening there can be made approximately 10,000 products that serve the needs of mankind. This number of products can be made from these hydrocarbons that are taken from the wet gas as it comes from these fields.

Again, Mr. Chairman, may I say that I do not want to take up any more time in discussing this bill. However, I hope that those in the far corner will co-operate regardless of the fact that they may think sufficient consideration has not been given to Canadian participation. I believe that is a matter which will be taken care of properly. The bill is not different from the act which has been passed in Saskatchewan; and I am sure that Alberta is in a much more serious condition with respect to the marketing of these by-products than Saskatchewan ever dreamed of being. I therefore hope that those in the far corner, like all other members of the House of Commons, will rise to the occasion and give approval to this bill.

Mr. Peters: Mr. Chairman, I am quite sure that the committee will have been greatly surprised to find tonight that this is just

another cog in the wheel of the government that will settle the unemployment problem and that the reason that some of the members of the government are so interested in the immediate passage of the bill is in order the unemployment picture will look that much brighter. This is certainly a new way of solving the unemployment problem. I would not know, of course, but I would think that if you dig with pick and shovel a half mile pipe line you would not employ more than a few men for a few weeks. This is not what this bill is for.

Mr. Woolliams: Mr. Chairman, would the hon. member permit a question?

Mr. Peters: Certainly.

Mr. Woolliams: I wonder whether the hon. member has given any thought to the employment which producing 10,000 barrels of by-products a day means to the Pincher Creek area and the province of Alberta. We are not talking about half a mile; we are talking about the whole industry, how many men will be employed drilling the wells, digging out the by-products and the other things which are connected with the operation.

Mr. Peters: I am afraid we are involved in two or three questions in connection with this bill. To answer that question, I would have to go into what results the oil industry has produced in the field of employment and how much has been taken over by automation.

Very few men run a very large industry in Ontario. I do not think there is very much difference between the operation of the oil industry in Ontario and in the west. Many red herrings have been drawn into this debate. The unemployment question is the last in a long series of such red herrings. If we were going to dig a second trans-Canada pipe line with a pick and shovel I would support the bill on the basis of solving the unemployment problem, but to dig half a mile of pipe line—and I do not care where it starts or ends—is not going to solve the unemployment problem when we consider that we have 600,000 or 700,000 unemployed people.

We are faced with another problem. Many hon. members of this house are not the least bit interested in honesty; they are not the least bit interested in the over-all economy of the country; they are not particularly interested in the employment or the unemployment picture. They are interested in their own little segment of the economy and what the bill is going to do for it. Certainly the last speaker—

Mr. MacInnis: Mr. Chairman, would the hon. member permit a question? The hon. member has just indicated that there is in this house a group of members who are not interested in honesty. Would he mind singling them out?

The Chairman: If the hon. member were to do that he would have to withdraw his words.

Mr. Peters: We heard this afternoon and this evening one hon. member saying one thing and another hon. member quoting from the same document and saying something else. I am suggesting that these hon. members must be using this measure to further their own ends. That, in itself, is not in the best interests of the country.

An hon. Member: You are wrong.

Mr. Peters: Someone is wrong. I do not know who that someone may be.

An hon. Member: You are.

Mr. Peters: By the time we have finished discussing this matter we will probably know.

An hon. Member: Withdraw your statement.

Mr. Peters: The matter is very simple. I think everybody agrees that we are not particularly concerned with this half-mile of pipe line that is being discussed at the present time or the fact that it will export something like 11,000 barrels of crude oil a day. The national energy board suggests that we have an export potential of something like 800,000 barrels of oil a day. What we are now suggesting is that these products must and can be held in Canada and used in Canada for the development of industry in Canada.

Certainly the hon. member who asked the last question should be the last person to object to this aim because in his own part of the country he has seen, as I have seen in mine and as those in northern Quebec have seen, that the exportation of our raw materials has taken place without secondary industry ever being developed.

The previous speaker in this debate talked about developing secondary industry and industry in Canada. If we have a product in a surplus market, I am quite sure that as the price drops for that surplus product there will be an opportunity for some enterprising businessman to go into that field and start developing a secondary industry in which to use this very cheap commodity. We all know that as the demand for the commodity increases as the secondary industry develops, the price will again rise and will level itself off at a competitive price.

The national energy board was of course set up a few years ago when the members of this government believed we should be working towards developing industry in Canada

for Canadians and utilizing our natural resources to the greatest degree. The national energy board was set up for this purpose. We are now being asked to set up a company which will, in my opinion, contravene the aims that we had when we set up the national energy board. We are being asked to set up a fully-fledged company whose only purpose is to drain off and funnel out of Alberta these condensates, these high calibre oil and gasoline bearing commodities. We are channelling these materials into the United States, where they will go into the Chicago area and secondary industry development will take place.

We suggest that this secondary industry development can take place in Canada. It can be done by Canadians and used for the benefit of all Canadians. I agree that the hon. members from Alberta are probably unhappy that this was not done immediately, because it would mean an immediate draining off of some of these surplus products—and I am told they are surplus products—to the United States and a few dollars would come back to the Alberta oil fields. Of course, this would be of some advantage to Alberta. But is it not also true that when we carried our coal off to some other place we obtained some advantage out of it? It was certainly true in northern Ontario when we exported our pulp and paper in its raw form into the United States. We obtained some advantage out of it, but how much more advantage would we have obtained if we had established a secondary industry there? That secondary industry could have been established in our area. We would have obtained a great deal more advantage from it for our community and for the country in general.

I think those hon. members from Quebec in particular should be very much interested in this, because they have seen exactly the same thing happening in regard to their northern iron industry. The iron ore goes down through Seven Islands, where we could have steel plants larger than anything on the North American continent, and goes into Pittsburgh where it helps United States development.

If we are going to be only an adjunct to the United States, this is perfectly all right. However, I want to see secondary industry in Canada. This can come about only if we take advantage of whatever natural resources we have. In my opinion they are not the God-given right of those people in Alberta only, but they belong to the whole Canadian economy. We should also start some of these benefits flowing into the eastern markets, because while westerners may talk about a surplus of gasoline and oil, there is no surplus in the rest of Canada. We export 6½ million barrels and we import 6½ million barrels. I do not see where there is any great surplus when one looks at the Canadian economy as a whole.

It seems to me that some of these westerners had better forget about the buccaneers they met when the trans-Canada pipe line come into being and should start thinking Canadian rather than in the buccaneer manner. It is all right to carry the bible under your arm, to preach about all the natural resources we have and how wonderful everything is going to be under the free enterprise system. But it has not been too good in these areas where this type of development has occurred. It is not only the social credit domain that has allowed exploitation on an unlimited scale in those fortunate areas where resources are abundant, but this has also been done in Ontario. I would not like to see again the exploitation that has taken place previously in Canada and which will take place if this pipe line is built.

I agree that it may seem odd to put up such a fight for such a small section of line, but it does not seem to me that it is going to be a small section of line. If an hon. member or one of his friends decided, as a person, to build this half mile of pipe line I am quite sure his exportation program would receive a thorough scrutiny from the national energy board. When this company is established, if it becomes established, I am sure it will not build merely a half a mile of pipe line. I am sure it will eventually have pipe lines running into the Yukon, British Columbia, Manitoba, Saskatchewan and other provinces. If this is not the case, why would they ask for a capitalization of $10 million? Why would they ask for the right to build airports? Certainly, hon. members are correct when they ask these questions, because if they listen to the story being told that all this company wants to do is to build half a mile of pipe line they are bound to say that this company does not need airfields or aeroplanes. They certainly have no need for these things unless there is a question involved of avoiding income tax, writing off assets and getting depreciation. There is no legitimate reason for having this corporation established with such a large capitalization if it does not intend to build pipe lines throughout an interprovincial area.

The initial stage of this venture calls for the draining off of the oil surplus and its transmission to the United States, but tremendous developments will probably take place. One hon. member asked tonight why something had not been done with regard to public utilities on a national basis. It is

not true that we do not have one of these developments. You may remember, Mr. Chairman, that only recently the Canadian government bought from the United States a pipe line which they owned lock, stock and barrel. We bought this pipe line, a pipe line which has attached to it airports and even a couple of villages. I would ask the hon. member sponsoring this measure if he can find out from the government what happened to this particular pipe line. I do not think he could find out. But we have, or at least we had, a pipe line which belonged to us, and it passed through the area which this proposed company would like to cover, in part, at least. I suggest that before setting up this elaborate company to export surplus Canadian oil we should find out what has happened to the resources of that concern.

This proposed company will export a relatively small amount in the over-all picture, perhaps less than 1 per cent of our total surplus, or the full amount available for export. Even when this pipe line is carrying its capacity load we shall only be moving one tenth of the amount which the government has indicated would be available eventually for exportation. Hon. members can stand up and talk about lawyers. It is always true, of course, that lawyers are never right and never wrong. At least, they can never be more than 50 per cent wrong because there is always one of them on each side of an argument, though between them they do not make up 100 per cent of the truth. So it is not fair to stand up and give this flexible lawyer-interpretation of the powers said to be needed by the company. I think this committee is entitled to the actual facts. If the company only intends to build half a mile of pipe line, then let this bill be withdrawn. Let us recommend here that the bill go back to the committee. Let the sponsor explain to his principals that he is not prepared to support the present measure with its large capitalization but that he is prepared to sponsor a bill calling for $15,000 to build half a mile of pipe line and to seek the necessary powers commensurate with the construction of a pipe line of this teeny-weeny length.

I think the hon. member for Bow River is not being entirely fair if he talks continually about the money it will cost to build half a mile of pipe line, while at the same time asking us to endorse the granting of powers which seem to me to be wider even than those possessed by the national energy board itself. These powers enter upon many fields. They will infringe on the responsibilities of four or five departments of government. They will enable the company to build airports, fly aeroplanes, construct houses, transmit by radio, build highways, and, possibly, build townsites and schools. If development of this type is, indeed, envisaged, then I think we should be told, in which case I do not think there is a member in this chamber who would not oppose the incorporation of a company for these purposes. On the other hand, if the sponsor is only asking for this restricted development then I think he should make that very clear, and the verbiage which is now in the bill should be removed. I think that is a simple proposition.

I believe it should also be made clear that we in this party are not opposed to the orderly marketing of the surplus of a product, but we are of the opinion that this government must give very serious consideration to the establishment in Canada of secondary industry. Such industries do depend upon government assistance, and, I believe, can only be established with government assistance and direction. I think now is the time when we should decide if we want new secondary industry. It may sound a bit like socialism—

Mr. Horner (Acadia): Are you suggesting subsidies, which would mean high tariffs?

Mr. Peters: I am suggesting that if we approve bills of this type we would in effect be subsidizing the people who are going to participate financially, and they are not Canadians. It is not a Canadian company which is going to benefit. I suggest we should subsidize new secondary industries if necessary, particularly in association with the oil industry. In the United States around the city of Chicago there are important secondary industries which live off the waste not only of these condensates but the waste which come from the wastes after the gasoline has been taken out of the condensates. This is not only sulphur. I am told they make coal tar products and all types of manufactures, including aspirin, from these by-products and distillates from the petroleum products and I suggest that if this can be done in the United States it can be done as well and cheaper in Canada.

There would be no objection then, I think, to allowing the exploitation of these finished products. It seems to me we should have learned our lesson by now. I see the Minister of Mines and Technical Surveys and the Minister of Forestry are here tonight and each of them will realize the vast amount of natural resources we have sent out of this country in a raw state. They would appreciate the fact that in the next generation we must create secondary industries in our own country and foster this new development

around the industries with which we are blessed. If I am wrong somebody will correct me—

Mr. Brunsden: You are wrong.

Mr. Peters: But it will not be the minister from Medicine Hat because, frankly, I do not think he can tell me anything on this subject. He just asks a lot of silly questions, but there is nothing he could tell me.

Mr. Horner (Acadia): He would not need to know much to tell you anything.

Mr. Peters: And that goes for the minister from Acadia, too. I do not use the word "minister" in the sense of cabinet ministers but in the sense of people who go around the country spreading the gospel of social credit. I am surprised—

Mr. Brunsden: Mr. Chairman, on a point of order, the hon. gentleman is accusing me and the hon. member for Acadia of being Social Crediters. That is the last thing in the world we want to be. The second last thing would be a C.C.F.'er.

Mr. Peters: I apologize for injecting this note into the debate because we have not time to discuss it. I could point out the similarities but is would not accomplish anything. Those who listen will know. People will support provincially the same candidates they do federally.

It has been said that if it walks like a duck, looks like a duck and smells like a duck, in all probability it is a duck. What we have seen of the exploitation program in Alberta indicates there is a duck somewhere in the picture.

The hon. member for Bow River in his remarks raised two questions. The first was why the pipe line company should come to parliament with this bill, and the second was why we have the present terms of the bill. I am not sure that I know why the company has come to parliament. Section 25 of the National Energy Board Act sets out who may construct and operate pipe lines and states the exception. It is difficult to know why this bill should come before parliament or why the company should require capitalization of $10 million.

Mr. Woolliams: Mr. Chairman, I rise on a point of order. We have heard this a million times. As I recall it, we have a rule against repetition. It is now five minutes to ten. I appreciate that the C.C.F. has decided to talk out this measure but we have heard this argument a million times, and at least a dozen times from the hon. member who has the floor. His needle is stuck on the record. If we could have the record changed, it would not be too bad.

Mr. Peters: I have even less respect than before for the hon. member's intelligence. The hon. member raised these new points this afternoon and spent considerable time explaining them. I humbly suggest that no one has had a chance to talk more than once or twice, the hon. member and I being among those who have had. The hon. member has created confusion with his explanation concerning the $15,000 expenditure and the capitalization of $10 million. There must be an explanation for the discrepancy.

Mr. Woolliams: Section 34, subsection 2.

Mr. Peters: It is interesting to note—

Mr. Kindt: Would the hon. member permit a question. Is the hon. gentleman not aware that the petrochemical industry of western Canada has sufficient by-products to last for 1,000 years? We could export the by-products from the entire field at Pincher Creek and have enough left from other fields for the industry to continue for a thousand years. Therefore, the hon. members opposite are not talking about stopping the growth of western Canada. They cannot attack this measure on that ground. They must in fact attack it on the basis of whether we need those by-products in Canada. The answer is that we do not need them in Canada and should export them.

That is a simple, physical fact which does not appear to have sunk into the head of my hon. friend and until he appreciates that fact he will be arguing on completely false grounds in opposing this bill.

Some hon. Members: Hear, hear.

Mr. Peters: I noticed that the hon. member received applause for that statement. Let me tell him, through you, sir, that a similar statement was made many years ago with respect to the white pine industry in the Ottawa valley. A scientist like the hon. member came from Sweden, an expert in the white pine industry. He spent several months touring the Ottawa valley and returned to Sweden. He said that no matter how much white pine they cut in Canada, the supply would never be exhausted.

Mr. Horner (Jasper-Edson): The hon. member is simply against the export of gas.

Mr. Peters: The scientist said the supply would go on forever, but now there is no white pine industry in the Ottawa valley. The hon. gentleman received applause for making a similar statement with respect to a non-renewable industry, a commodity that cannot be replaced.

Progress reported.

Business of the House

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I inquire of the house leader what is the order of business for tomorrow and Wednesday?

Mr. Churchill: There will be a slight change from what I announced on Thursday evening. The first item tomorrow will be second reading of Bill No. C-57 to amend the Coastal Fisheries Protection Act. The second item will be No. 12 on today's order paper, the motion standing in the name of the Minister of Agriculture to empower the standing committee on agriculture and colonization to continue its inquiry into the question of prices of farm machinery.

The third item which I had called, namely the army benevolent fund, I should like to postpone. If the house will give its required unanimous consent I should like instead to proceed with a motion to refer Bill No. C-71 relating to the Civil Service Act to the special committee which was appointed on Friday, the membership of which was listed today.

Mr. Chevrier: What is the number of that item of business as it appears on the order paper?

Mr. Churchill: It is not on the order paper because on Friday we omitted directing what should be done with that bill. There is some slight difference of opinion as to whether or not we have already referred the bill to the committee.

Mr. Chevrier: I was under the impression we had, as I indicated to the house leader earlier.

Mr. Churchill: On Friday we resolved that a special committee be appointed to consider Bill No. C-71 and today we named the committee but we did not actually refer the bill to this committee. That is what I am talking about now.

The fourth item will be item No. 7 on today's order paper, the resolution in the name of the Minister of Labour dealing with programs of vocational rehabilitation for disabled persons.

On Wednesday we will start with Bill No. C-73 which has reference to the Income Tax Act.

Mr. Chevrier: With respect to the consent for which the house leader asked, we on this side are quite happy to give consent in that matter.

Mr. Speaker: That is consent to deal tomorrow with the motion to refer Bill No. C-71 to the standing committee?

Mr. Chevrier: Yes, Mr. Speaker. It has been established.

Mr. Speaker: Unless the house wishes to refer the bill tonight?

Mr. Hellyer: Tomorrow will be soon enough.

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

ANSWER TO QUESTION

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

HYDROGRAPHIC SURVEYS, NORTHERN WATERS—SHIP CHARTER

Question No. 137—**Mr. Tucker:**

1. To whom was the charter awarded for a ship or ships to carry out hydrographic surveys in northern waters during the navigation season of 1960?
2. Was the contract awarded as a result of tenders being called?
3. If so, how many tenders were received, and what was the amount of each?
4. Who was awarded the charter in 1959, and what was the amount of the contract?

Answer by: **Hon. Paul Comtois (Minister of Mines and Technical Surveys):**

1. (a) Shaw Steamship Co. Ltd., Halifax, N.S., (b) Christensen Canadian Enterprises Ltd., Montreal, Que.

2. Yes.

3. Seven tenders were received in the following amounts:

Basic Daily Rate—$590; $665; $750; $750; $750; $1,000 and $1,400. Plus extra charges for victualling, insurance, fuel, oil and overtime.

4. (a) Christensen Canadian Enterprises Ltd., Montreal, estimated $91,080; (b) Bowring Bros. Ltd., St. John's, Newfoundland, $96,700; (c) Shaw Steamship Co. Ltd., Halifax, N.S., $123,770.

HOUSE OF COMMONS

Tuesday, March 14, 1961

The house met at 2.30 p.m.

PRIVILEGE

MR. PICKERSGILL—MOTION TO REFER EXELBY MATTER TO COMMITTEE

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I am rising on a question of privilege arising out of the document which was tabled by the Minister of Labour today and which is headed "In the matter of that certain C.B.C. telecast known as "Close-Up", telecast on the evening of Tuesday, March 7, 1961".

My question of privilege is that this sworn statement of Mr. Glen H. Exelby, which has just now become the property of the house, provides evidence that in his statement on March 8, as reported at page 2783 of *Hansard*, the Minister of Labour misinformed and misled the house with respect to a matter coming under his jurisdiction as a minister responsible to this house.

I think I can demonstrate this by a very brief quotation from the minister's statement and from the document itself. The minister said, as reported at page 2783 of *Hansard*—

Mr. Churchill: Mr. Speaker, what is the question of privilege in this instance?

Mr. Pickersgill: The question of privilege, if I may reiterate it, is that a minister of the crown from his place in the house, misinformed and misled the house—

Some hon. Members: Order.

Mr. Pickersgill: —about a matter coming under his jurisdiction, for which he is responsible to this house and to this house only.

Mr. Starr: Mr. Speaker, I rise on a question of privilege—

Mr. Pickersgill: We cannot have two questions of privilege at the same time.

Mr. Speaker: Order. The hon. member for Bonavista-Twillingate has already raised a question of privilege. If it is proceeded with I will of course hear the Minister of Labour. However, as I understand it the hon. member who has risen on this question proposes to confront the statement of the minister with an affidavit filed by the minister yesterday in response to a question asked in the house. It seems to me that the hon. member is endeavouring to challenge what the minister said. If there is a misleading of the house by an hon. member or a minister, and it is an intentional misleading, it will undoubtedly raise a question for consideration by the house, using the proper procedure. However it seems to me that the hon. member is rising to establish his case rather than to move a motion or suggest a proceeding which might arise if the case were established.

Mr. Pickersgill: Mr. Speaker, I am quite prepared to make a motion so that this matter may be properly brought before the house. My motion, which would be seconded by my hon. friend from Megantic (Mr. Roberge) is as follows:

That the matter of the statements of the Minister of Labour in this house with regard to the case of Mr. Glen H. Exelby together with the sworn statement by Mr. Exelby tabled today be referred to the standing committee on privileges and elections for appropriate action.

Mr. Speaker: Before placing this motion before the house it is my responsibility to determine whether there is a prima facie question of privilege. As I understand the hon. member, his question of privilege is that the minister misinformed the house in the statement which he made in answer to a question some days ago.

Mr. Pickersgill: That is correct.

Mr. Speaker: Perhaps I should hear other hon. members before determining whether a question of the privileges of the house does arise, assuming that the facts are correct.

Mr. Pickersgill: May I submit, with respect, on the point of order—

Some hon. Members: Sit down.

Mr. Speaker: I will hear the hon. member.

Mr. Pickersgill: May I submit with respect, sir, that before it would be possible to demonstrate that there is a prima facie question of privilege, evidence would have to be heard. I am prepared to give that right away.

Mr. Speaker: I think it would be no function of mine to hear the evidence. I have to determine whether the facts alleged, assuming they are true, raise a question of privilege. Then it would be for the house, through this motion or whatever means it chose to follow, to determine on the facts, would a

prima facie question of privilege arise on the allegation by the hon. member that the minister has misinformed the house?

Hon. Howard C. Green (Acting Prime Minister): Once again today an attempt is being made to upset the regular business of the house. I think this is the first time an attempt of this kind has been made in the 25 years I have been a member of the House of Commons. Just to show how ridiculous it is, let me remind hon. members that the hon. member for Bonavista-Twillingate had a copy of this affidavit yesterday. He told us he had received a copy or, in any event, it was common ground that he had one. The question was discussed yesterday. If he was going to raise a question of privilege, that was the time when it should have been done.

Mr. Pearson: It had not even been tabled then.

Mr. Green: There was no need for it to be tabled, as the hon. member had it in his own possession. Surely he is not at liberty to come in today and initiate a question of privilege of this kind. It would be very interesting to know how much the hon. member for Bonavista-Twillingate had to do with the drawing up and completion of this affidavit.

Mr. Speaker: The question I have to determine and with regard to which I am seeking the assistance of the Acting Prime Minister is whether or not the circumstances which have been alleged amount to a prima facie breach of the privileges of the house. If the Acting Prime Minister could help me with regard to that decision I should appreciate it.

Mr. Green: To put the situation in its very worst aspect, here you have a case where an affidavit by an interested party is produced and an attempt is made to use that against the word which the Minister of Labour gave to the house. I suggest it is stretching things very far if a member of the opposition can go out and get an affidavit from someone whose name has been mentioned in the house and then come in and use that affidavit as part of an attempt to bring in a motion on a question of privilege as a means of attacking statements made by responsible ministers. I suggest that this is going entirely too far, and if we are to have orderly conduct of the business of this house we should be going ahead with the work of parliament and not have these red herrings thrown in every day.

Hon. gentlemen opposite had the opportunity to discuss this question when the estimates of the Department of Labour were up for consideration last week. They have brought it up on every possible occasion, doing their best to wring the last bit of publicity out of the question, and I suggest that when they bring in this motion today they are going too far.

Hon. Michael Starr (Minister of Labour): Perhaps I may speak on this question, because it directly affects me. The statement I made in this house was based on information, and correct information, which was supplied to me by the national employment service office, information which I disclosed in this house.

Mr. Pickersgill: Contrary to the law.

Mr. Starr: Well, we know that the hon. member for Bonavista-Twillingate is a real expert on everything. I do not purport to be so.

May I call your attention, Mr. Speaker, to the fact that there is on the order paper under notices of motion for production of papers a motion, No. 82, which asks for a copy of all the records in this case. Yesterday I asked that this motion should stand until Wednesday when, I said, it would be dealt with. In the circumstances I suggest that the present motion is premature until it has been proven that what I said in this house, based on the information I got from the national employment office, was incorrect. If these papers and records are produced they will substantiate whether the information I got was true or false.

Mr. Grant Campbell (Stormont): On a point of order, Mr. Speaker, surely the raising of a question of privilege in the house is analogous to contempt of court, and there is nothing similar to that at all in the present circumstances. Beauchesne states examples of what are regarded as breaches of privilege in citation 111. They include reflections on the character of the Speaker, reflections upon the conduct of the chairman of committees, imputing unfair conduct to the chairman of a select committee and imputations against members of corruption in the execution of their duties.

That surely is what constitutes a breach of the privilege of the house, something analogous to contempt of court. Surely if the hon. member in question is not entitled to impugn the accuracy of information given to the house by a minister he is not going to accomplish the same purpose in this indirect and clandestine way.

Mr. Pickersgill: As I understand it we are discussing whether there is a prima facie question of privilege. We are seeking to assist Your Honour in reaching a conclusion about that matter. The only argument advanced by the Acting Prime Minister against my contention that there is, is that this

matter could have been raised yesterday. I do not think it could have been raised yesterday because the document on which it is based was not in the possession of the house then. It is quite true that I had a copy of the document, but I did not have the original; it was sent to the Minister of Labour. Moreover, sir, I felt it would be improper for me, inside or outside the house, to do anything about that document until the Minister of Labour had the opportunity, which he was given yesterday afternoon in this house, to make amends, an opportunity which he did not take.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Instead of which the minister undertook to summarize the document, leaving out important portions of it. I had in the back of my mind, sir, the thought as to whether I should raise the question at that time, but it seemed to me, since the minister had agreed to table the document, that I should wait until the document was in the possession of the house, when it was an official document of this house, available equally to all hon. members, and then at the first opportunity raise what I suggest to you, sir, is a very serious matter indeed, namely a sworn statement by the person affected that statements made in this house about that person by a minister of the crown in the discharge of his duties were untrue. That is surely something about which the minister does not want to have left any doubt whatsoever.

The motion I am making is a motion to follow the procedure of this house to clear up the matter. The Acting Prime Minister said that in the 25 years he had been in this house no such motion had been made before. Well, I do not know where the minister was last year when the hon. member for Timmins (Mr. Martin) raised a motion of a similar character about a much less important matter. Moreover, Your Honour recognized the privilege by implication on March 9 when I raised an earlier question of privilege, which will be found at page 2811 of *Hansard* with respect to this same statement by the minister. Your Honour said:

> The hon. member for Bonavista-Twillingate has risen on a matter of privilege. The point he makes is that a minister of the crown in the house has not observed the conditions of a statute passed by the house. I think a matter of privilege properly arises under such circumstances—

Surely, sir, if you felt that a matter of privilege properly arose under that kind of circumstance, when at that time we had reason to think what the minister had said was correct, it arises doubly when a man makes a sworn statement—which would constitute perjury if it were not true—that what the minister said is not true and that this house has been misinformed.

Of course, sir, this is not the only evidence. The evidence of the actual employer of this man and the evidence of someone to whom he applied for a job is to the same effect as the evidence given by Mr. Exelby. All these witnesses point to the untruth of two statements made in this house by the minister on March 8. It seems to me, sir, that there is only one proper way to clean it up. Moreover, if Your Honour will refer to paragraph 108 of Beauchesne's Parliamentary Rules and Forms already quoted by the learned and hon. member for Stormont—

Mr. Campbell (Stormont): Thank you.

Mr. Pickersgill: —you will discover the following:

> Anything which may be considered a contempt of court by a tribunal is a breach of privilege if perpetrated against parliament,—

I suggest, sir—

Mr. Campbell (Stormont): Read on.

Mr. Pickersgill: —that false witness given in a court would be comparable to what is charged in this case. By recognizing that there is a prima facie question of privilege and by referring it to a committee, we are not making any judgment one way or another about the matter. We are merely sending it to a committee which can hear all the evidence and form its own conclusions.

Mr. Campbell (Stormont): On a point of order, Mr. Speaker, with regard to misrepresentation, may I read on?

Mr. Speaker: I have heard the hon. member's point of order. I recognize the hon. member for St. Lawrence-St. George.

Mr. Egan Chambers (St. Lawrence-St. George): I will be brief, Mr. Speaker. This house is frequently misinformed and misled. No question of privilege arises unless it is intentional. I do not admit for one moment that the house has been misinformed or misled in this instance, but no allegation has been made that it was intentional nor could one be made. Therefore there can be no question of privilege.

Hon. Gordon Churchill (Minister of Veterans Affairs): I wonder if I might draw Your Honour's attention to Beauchesne's fourth edition, page 102, paragraph 113, half way down, where it states as follows:

> But a dispute arising between two members, as to allegations of facts, does not fulfil the conditions of parliamentary privilege.

I suggest to you that this is a dispute originated by the hon. member for Bonavista-Twillingate, who has declined to accept the

statement of the Minister of Labour and then on the basis of an affidavit or a statement, or both, made outside the house has attempted to launch here a question of privilege and a reference to a committee.

In his motion also, Mr. Speaker, I point out that he does not make any point of privilege whatsoever. He is so unsure of his facts that all he asks is that these matters be referred to a committee. He has nothing on which to found his statement or his motion would disclose that fact. He is simply asking for an investigation by a committee, yet in so far as the house is concerned the Minister of Labour has placed on record the facts that were in his possession, and his statement as to the validity and the truth of those facts should be accepted. That is the normal practice of this house.

Mr. Pickersgill: Mr. Speaker, may I say a word about the point just raised by the house leader?

Mr. Speaker: Order. If the hon. member who raises this matter wishes to reply to the statement of the house leader, I think I will hear him before I dispose of the matter.

Mr. Pickersgill: I just want to say a word regarding the form of the motion and to draw Your Honour's attention to the fact that in seeking the proper form for my motion I was guided by the advice your honour gave to the hon. member for Timmins on a question of privilege which arose last year.

Mr. Speaker: Order. I feel that no good purpose would be served by further argument as to whether there is a matter of privilege.

There are two points made regarding the matter raised by the hon. member for Bonavista-Twillingate. The first is that there has been delay in raising the matter. The statement of the minister complained of was made, I believe, last week and the reason for questioning that statement which has been given today by the hon. member for Bonavista-Twillingate is an affidavit which was referred to yesterday and which the minister was asked to table and has tabled now, and which I think the hon. member for Bonavista-Twillingate acknowledges he had in his possession yesterday at the time the Minister of Labour made a second statement, although not the original affidavit.

I doubt that I would dispose of the matter on the ground of delay alone, although it is important that questions of privilege should be dealt with when they arise.

The other point, which I think is made most effectively by the house leader, is that there should be more involved than a dispute between two members as to facts. One has to distinguish between the privileges of the house and privileges of individual members. I see nothing that involves the rights or privileges of the individual member for Bonavista-Twillingate, who raised the matter. If there is any proper complaint for the house to raise against the minister it is based on his conduct in supplying information to the house.

The hon. member for Bonavista-Twillingate alleges that the information supplied by the minister was not true according to the affidavit in question. If, on nothing further, the house were to accept those circumstances as raising a prima facie question of privilege, it would be very difficult to conduct business in the house because almost any statement that is made by any member or minister could be disputed in some form or other by affidavit or contrary evidence.

Beauchesne recognizes that problem in citation 113, which was cited to me. It appears in Beauchesne's fourth edition at page 102, where he says that a dispute arising between two members, as to allegations of facts, does not fulfil the conditions of parliamentary privilege. I feel there is a necessary element lacking in the case made by the hon. member. I feel that he should have been prepared, if he wished to found a motion on his statement, to allege that there was bad faith on the part of the minister; that he deliberately supplied the house with wrong information. That would to my mind, raise a question of privilege of the house. But in the circumstance of a dispute arising over statements made by the minister in the course of his duty or, for that matter, by any member in his place making statements on his responsibility as a member of the house, one has to remember that the whole of parliamentary procedure is really based on the disputing of such statements in debate. Unless it goes beyond debate, in that sort of dispute, I feel that I would be leading the house into interminable difficulties if I accepted this circumstance as it is before us now as raising a matter of privilege sufficient to found a motion which does not allege that there was in fact a deliberate misleading of the house by the Minister of Labour.

Mr. Pickersgill: I should like to leave no doubt on that point. It is my opinion that there was a deliberate misleading of the house.

Some hon. Members: Oh, oh.

Mr. Starr: I was dumbfounded to hear what was just said now. I can say to this house and to you, Mr. Speaker, that at no time as a member of parliament or as a minister of the crown have I deliberately misled this house or attempted to mislead it, nor, I hope, in the years to come will I stoop so

low as to even think, as the hon. member does, that other hon. members do so deliberately.

Some hon. Members: Hear, hear.

Mr. Speaker: I have given my best views to the hon. member on the matter which was raised and on the proposed motion which he submitted. Since then he has rather amplified his statement, but I do not propose to traverse the subject again unless it is raised again.

Some hon. Members: Withdraw.

Mr. Pickersgill: I would like to have the motion put to the house.

Some hon. Members: Shame.

Mr. MacInnis: On a question of privilege, I have repeatedly made statements outside this house and in this house which—

Mr. Speaker: Order. Unfortunately I am engaged with a matter of privilege at the moment, which I thought I had disposed of. The hon. member who raised it, if I understand him correctly, has proposed to refer the matter on a different basis to the committee, and I think in the circumstances it would be desirable that he frame his proposed motion to satisfy those conditions before I can accept it.

Mr. Green: Mr. Speaker, may I suggest that the hon. member having raised his point of privilege and having submitted his motion and Your Honour having dealt with it, that should be the end of the matter and he does not then have the opportunity of getting up and making a change in his motion verbally as he has tried to do. I suggest that the matter has already been dealt with by Your Honour and that the hon. member for Bonavista-Twillingate has no right whatever to have a second try to reach his original objective.

Mr. Speaker: I think if the Acting Prime Minister followed my last remarks he will agree that is the position I took myself. I consider the request to present this motion as disposed of and if the hon. member wishes to go beyond what he did in his first application today and present a new matter, it is of course his right at any time to do so. In the meantime we shall proceed with the business of the house.

Mr. Pickersgill: In view of what the Acting Prime Minister has said I am sure Your Honour would agree that it was Your Honour who raised this point as to whether I had implied deliberate intention, and it was in response to Your Honour's intervention on this point that I made my observation. It never occurred to me at any time that anyone would doubt that if I made a motion of the gravity of this motion I would make it merely because there was a dispute about something that was said. I made it because I considered the minister was lacking in his duty to this house.

Mr. Speaker: As I said, if the hon. member, upon reflection on what has taken place, wishes to present his motion again I will hear him again, but in the meantime I feel we should proceed with the business of the house.

Mr. MacInnis: On a question of privilege, I would like to bring up the question of statements made by myself, supported editorially in the newspapers, upon which the member representing Bonavista-Twillingate has cast reflections. In support of this statement I read the editorial—

Mr. Speaker: Order. Is the hon. member raising something he said himself as a matter of privilege, or something said by the hon. member for Bonavista-Twillingate?

Mr. MacInnis: It has reference to a statement made by the member for Bonavista-Twillingate.

Mr. Speaker: If the hon. member will state what his question of privilege is before he starts to read, perhaps we can determine whether it is something that should be raised.

Mr. MacInnis: Mr. Speaker, the hon. member for Bonavista-Twillingate definitely cast reflections upon me similar to those he has tried to cast upon the Minister of Labour. I can substantiate this by—

Mr. Speaker: Order. I think if the statement was made in the house the hon. member should have raised his question of privilege at that time. If the statement was made outside the house perhaps the hon. member would have to establish an attack on his character or moral conduct which would justify it.

Mr. MacInnis: Mr. Speaker, the hon. member for Bonavista-Twillingate on several occasions has made reference to a statement I made casting reflection, and on the basis of this editorial, which I now have—

Mr. Speaker: Order. The hon. member has not made any allegation as to what has been said against him, and in the absence of some specific allegation I cannot hear him further by allowing him to read editorials or give that sort of information.

[*Later:*]

On the orders of the day:

Mr. Grant Campbell (Stormont): On a point of privilege, Mr. Speaker, may I say that I have been in this house only a short

time, but never did I think that if I were to be here for the remainder of my life I would ever hear in this house one hon. member in effect call another hon. member a liar, as has been done here effectually by accusing another hon. member of deliberate misrepresentation. Mr. Speaker, this scandalous conduct is subversive of the proprieties of this house or any other constitutional body such as this one.

Mr. Speaker: To what is the hon. member referring?

Mr. Campbell (Stormont): I am referring to the comment by the hon. member for Bonavista-Twillingate accusing the Minister of Labour of deliberate misrepresentation. I say that is the sort of thing that is a disgrace to this house and this country. On the question of privilege I urge that this accusation be withdrawn and not be left on the permanent record.

Mr. Speaker: I appreciate the hon. member's concern for the dignity and the fair conduct of the house. The hon. member who was involved in the statement that was made rose and made a statement and denial and did not raise a question such as that which has now been raised by the hon. member for Stormont. I therefore think he might be well advised to leave the matter at the point at which it rests.

Some hon. Members: No, no.

Mr. Campbell (Stormont): I believe this matter transcends the personal reputation of the hon. member concerned. I believe it is a matter which is much more important than that. It goes to the matter of the dignity of the House of Commons.

Mr. Hellyer: I rise on a point of order, Mr. Speaker. Is it not a rule of this house that matters of privilege must be raised immediately, as Your Honour has ruled?

Mr. Speaker: Yes, it is correct that several proceedings have intervened. The hon. member expressed a concern which is felt by all hon. members when allegations of that kind are made. However, I must point out to him that the matter was passed in the circumstances that the hon. member for Bonavista-Twillingate was prepared to move in the house to refer the matter to a committee in order to review the allegations which he made. It is true that the allegations were made after he had proposed that the motion be accepted. Perhaps the situation is a bit confused by that fact. However, it is open to hon. members to make charges if they are prepared to back them up by prima facie evidence and by moving the appropriate motion in the house. If the hon. member will refer to his text I think he will find that is the case.

Mr. Pickersgill: Since the hon. gentleman has raised the matter, Mr. Speaker, perhaps I might be allowed to say that I had no intention and no thought of saying that when the Minister of Labour spoke on Wednesday he knowingly said things that were untrue. I took the word "deliberately" to mean that he deliberately made a statement, and he deliberately made a statement to this house.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Perhaps I might be allowed to clarify my meaning.

Mr. Speaker: Order. The hon. member is making a statement which I think the house will want to hear, and I trust hon. members will hear it.

Mr. Pickersgill: I think the hon. gentleman made a statement in order to discredit a broadcast and an individual, which statement has turned out apparently not to be true.

An hon. Member: Apparently?

Mr. Speaker: In view of the modification which has been made of the statement, it seems to me that the hon. member—

Mr. Campbell (Stormont): He has just added insult to injury by his qualification.

Mr. Speaker: Order. I was about to inform the hon. member for Stormont that in view of the substantial modification which was made by the hon. member for Bonavista-Twillingate voluntarily, notwithstanding that I had indicated that it was not a matter in which I felt I should intervene, I am of the view now that I should not instruct or direct the hon. member to do other than he has done.

STANDING ORDERS

CONCURRENCE IN SIXTH REPORT OF STANDING COMMITTEE

Miss Margaret Aitken (York-Humber) moved that the sixth report of the standing committee on standing orders, presented to the house on Tuesday, March 14, be concurred in.

Motion agreed to.

LABOUR CONDITIONS

MOOSONEE, ONT.—WORKING CONDITIONS AT RADAR BASE

On the orders of the day:

Mr. J. A. Habel (Cochrane): I would like to direct a question to the Minister of

Labour. Has the minister read the report by Mr. Hegge, the business representative of local 1669 of the united brotherhood of carpenters and joiners of America, regarding the conditions of labour at the radar base construction at Moosonee? If so, is it his intention to have the matter investigated at once?

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker.

Mr. H. W. Herridge (Kootenay West): I wish to direct a supplementary question to the minister. Can the minister inform the house whether he has done anything about the matter?

Mr. Starr: It was just brought to my attention about one hour ago.

NEW BRUNSWICK—INTERIM PAYMENT ON WINTER WORKS PROGRAM

On the orders of the day:

Mr. R. D. Thrasher (Parliamentary Secretary to the Minister of Labour): Mr. Speaker, yesterday the member for Bonavista-Twillingate asked the parliamentary secretary to the Minister of Finance whether an interim payment was recently made to the government of New Brunswick in respect of the winter works program. A cheque was issued on February 24.

BARRIE, ONT.—INQUIRY AS TO RATES PAID NATIONAL DEFENCE CARPENTERS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Has a survey of prevailing rates for carpenters been made in the Barrie district of Ontario, and would the minister comment on the complaint by Mr. Derrick Manson, business representative of local 2480 of the united brotherhood of carpenters and joiners of America, that carpenters are being paid 15 cents per hour below the prevailing rate of $2.55?

Some hon. Members: Order paper.

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, I do not feel it is part of my administrative function to comment on allegations made by Mr. Manson with regard to what are the prevailing rates for carpenters in some particular sections of the country. I may say, however, that a survey has been made of the rates paid in the Barrie area and I understand the matter will be considered very shortly by the appropriate government departments concerned.

Mr. Argue: Including your own department?

Mr. Harkness: This is nothing to do with my department.

Mr. Pickersgill: Then why are you answering?

Mr. Harkness: As I think the hon. member knows, surveys of this nature are made by the Department of Labour.

Mr. Argue: What I wanted to know was this. Is it the policy of the Department of National Defence to pay the prevailing rate after the survey has disclosed the prevailing rate?

Mr. Harkness: As I think the hon. member knows, Mr. Speaker, this department and all other government departments pay the rate recommended by the Department of Labour on the basis of the studies they make of these matters.

EXTERNAL AFFAIRS

LATIN AMERICA—U.S.-CANADIAN CO-OPERATION IN ECONOMIC ASSISTANCE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Secretary of State for External Affairs. Would the minister care to comment on a press report emanating from Washington that President Kennedy would welcome any move by Canada to join in the proposed plans for economic assistance to Latin America? Has there been any discussion between the two governments on this subject?

Hon. Howard C. Green (Secretary of State for External Affairs): No, Mr. Speaker, there has been no discussion of which I am aware.

Mr. Argue: Has the Canadian government given any consideration to the question of participating in plans for assistance to Latin America?

Mr. Green: No, not yet.

AGRICULTURE

CANNED PORK—REPORTED RETAIL SALE OF GOVERNMENT STOCKS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): May I address a question to the Minister of Agriculture or in his absence to the Acting Minister of Agriculture, or to the parliamentary secretary to the Minister of Agriculture, of which I sent notice yesterday. Is the Minister of Agriculture in a position to report on the serious allegation, which I have drawn to his attention, that Kelly Douglas Limited in Vancouver have somehow obtained a supply of canned Spork from government sources

and are offering it to the trade wholesale at a price of 7 cents a tin less than that charged by Burns and Company?

Mr. W. H. Jorgenson (Parliamentary Secretary to the Minister of Agriculture): I wish to thank the hon. member for giving me notice of his intention to ask this question. The agricultural stabilization board offered stocks of canned pork luncheon meat for sale in Canada at a reduced price from April 15 to October 15, 1960. The product packed under a government label as "Canadian pork luncheon meat" was sold directly to any firm applying for stocks. Proprietary brands were sold back only to the original manufacturers. "Spork" is the proprietary brand of Burns and Company, and sales of government stocks of this brand were made only to them. No government stocks of canned pork under the "Spork" label were sold by the stabilization board to Kelly Douglas Limited nor to any other firm apart from Burns and Company.

Mr. Winch: I have a supplementary question. In view of the information which I conveyed to the department with regard to a retail firm obtaining it, or being told that it was part of government supplies, will an investigation be made as to whether Kelly Douglas Limited were able to obtain supplies of the government stocks?

Mr. Jorgenson: Yes, I will draw the matter to the minister's attention.

POST OFFICE DEPARTMENT

INQUIRY AS TO INCREASED RATES ON U.S. PERIODICALS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to ask the Postmaster General whether he has completed negotiations with the United States postal authorities which will in effect raise the rate received on United States periodicals coming into Canada.

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, I would expect to have information for the house on that subject tomorrow.

HUMAN RIGHTS

EDMONTON—REPORTED REFUSAL OF ACCOMMODATION TO U.S. NEGROES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Transport arising out of information I have received that last week two American negroes who were in Edmonton to assist in a fund-raising tour for homeless Jewish children were refused accommodation in the C.N.R. MacDonald hotel. Would the minister comment on the statement that the C.N.R. in its hotel operations follows the practice of refusing accommodation to negroes?

Mr. Speaker: Order. I question whether the hon. member is right in asking the administration to assume responsibility for day to day administrative acts of an independent Canadian National Railways hotel.

Mr. Argue: On the point of order, Mr. Speaker, I think it is customary to ask the minister to comment on and take up certain matters with the management of the C.N.R. We have been doing it very frequently.

There is a further part to this question which I also think is in order. I should like to submit it and you, sir, can make your decision. Would the minister inquire into this particular accusation, and will he assure the house that the hotel operations of the C.N.R. are conducted in accordance with the principles set forth in the bill of rights?

I think it is an exceedingly important question. I hope I have framed it so that it is in order. I think the minister has a duty to the house to take up such a question with the management of the C.N.R.

Mr. Speaker: If it is a matter of asking the administration to inquire from the Canadian National Railways as to their conduct in this matter, I will of course allow the question.

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I received notice of this question just as I was walking down to the house. I was not aware of the facts alleged by the hon. member. However, I will take up this matter with the management of the C.N.R. and report to the house as soon as I have anything to report.

BUSINESS OF THE HOUSE

STATEMENT ON CONSIDERATION OF BILL NO. C-70

On the orders of the day:

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, yesterday the hon. member for Skeena asked a question concerning Bill No. C-70. He wanted to know whether any requests have been received with respect to postponing or delaying consideration of that bill for this year. The answer to the question is yes.

REQUEST FOR LIST OF OUTSTANDING RETURNS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I could ask the Minister of Citizenship and Immigration, in her capacity as Acting Secretary of State, what progress the department is

making with the laborious task of compiling a list of the returns ordered by this house with which the government has not yet complied.

Hon. Ellen L. Fairclough (Acting Secretary of State): Mr. Speaker, I inquired about this matter, as I promised the hon. member, and the answer I received was to the effect that they are working on these returns but they have not yet been completed.

Mr. Pickersgill: I was referring to the list.

CHANGE IN TODAY'S ORDER OF BUSINESS

Hon. Gordon Churchill (Minister of Veterans Affairs): Could we perhaps change the order of today's business in order to meet the convenience of the house? Last evening we were discussing the reference of Bill No. C-71 to the special committee which is going to study the Civil Service Act. I called it in third place today but perhaps, in view of the expression of opinion last night, we could take it first and dispose of it.

Mr. Pickersgill: I would see no objection to that.

HOUSE OF COMMONS

TRAVEL ACCOMMODATION FOR MEMBERS AT EASTER RECESS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to direct a question to the Minister of Transport. Some hon. members and their wives who have to go west at Easter time have not been able to obtain accommodation on the "Canadian". The accommodation has been filled for over two weeks. Will the minister see whether something can be done about this matter so we can go home at Easter time?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I shall be very pleased to help my hon. friend and other hon. members to get home for Easter.

(Translation):

CANADIAN NATIONAL RAILWAYS

MONTREAL—STATEMENT ON REPORTED LAY-OFFS OF CLEANING PERSONNEL

On the orders of the day:

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, yesterday the hon. member for Laurier put to me two questions with regard to the new C.N.R. main office building in Montreal and to the maintenance and cleaning staff in the new building.

As the house is no doubt aware, the two old buildings occupied by the C.N.R. head office have been sold to the Quebec government and naturally fewer maintenance employees will be required for the new building than for the old buildings.

About 120 members of the cleaning and maintenance staff will be affected by the moving into the new building. The cleaning services in the new building will be carried out by a contractor who specializes in this type of work. Negotiations are under way with the contractor with a view to getting him to give priority to the staff that is now looking after the cleaning of the old buildings. In addition, the Quebec government which has bought the two buildings has agreed, at the request of the C.N.R., to give priority for employment to the present staff. The cafeteria operator in the new building has agreed to grant interviews to all railway employees who would be interested in working there.

Moreover, the railway employment office in Montreal is setting up a service for the placement and advising of employees, and each employee will be helped in the consideration of his case. Arrangements are being taken also with the three prospective employers for interviewing the employees within a few weeks. The railway management hopes, and it is the aim it seeks to attain, that the majority of the 120 persons involved as a result of the move into the new building will be offered work. It is perfectly aware of the present difficulties and it studies the matter with great sympathy, particularly as regards the older employees and the ones to be retrained. It is interesting to note that 67 of the 120 employees involved were taken on when they were over 40 years old and 28 when they were over 50.

Meetings have been held with the employees and their representatives and others are scheduled for this week.

(Text):

Mr. Hazen Argue (Assiniboia): I have a supplementary question, Mr. Speaker. Can we take it from the minister's answer that he has received the assurance of the C.N.R. management that there will be employment for at least a major proportion of the people affected?

Mr. Balcer: Mr. Speaker, as I have just explained, the railway company has taken a great deal of trouble in this matter and has explored all possibilities in order to find employment for these people. I am quite sure

that with the good will of all concerned the great majority of these employees will be re-employed. As I was saying, the Quebec provincial authorities are going to occupy this whole building, and all these people are available in that building. I hope the province of Quebec will hire the great majority of these people, because they are already employed in the building.

Mr. Argue: May I ask a question for clarification. The minister said at one point that he hoped the C.N.R. would provide employment. In the next part of his answer he said he hoped the province of Quebec would be able to provide employment.

Mr. Balcer: I did not say that.

Mr. Argue: Perhaps I misunderstood the minister.

Mr. Balcer: As I explained earlier, the railway has explored many possibilities and has contacted various employers, contractors and the province of Quebec to find work for these people. Also, the railway itself will employ some of them.

CIVIL SERVICE ACT

REFERENCE TO SPECIAL COMMITTEE FOR CONSIDERATION

Hon. Gordon Churchill (for the Minister of Finance) moved:

That Bill No. C-71 respecting the civil service of Canada be referred to the special committee established to consider the said bill.

Motion agreed to.

COASTAL FISHERIES PROTECTION ACT

REVISION OF DEFINITION OF CANADIAN FISHING VESSEL

Hon. J. A. MacLean (Minister of Fisheries) moved the second reading of Bill No. C-57 to amend the Coastal Fisheries Protection Act.

He said: Mr. Speaker, this bill is very short and straightforward. By way of explanation I may say that the Coastal Fisheries Protection Act was last revised in 1953. The main purpose of the act is to protect fisheries in Canadian territorial waters against encroachment by foreign fishing vessels and to regulate the privileges accorded to foreign fishing vessels in our ports.

Subject to any treaty rights, the act prohibits fishing operations by foreign fishing vessels in our waters. A foreign fishing vessel is defined in the act as a fishing vessel that is not a Canadian fishing vessel. The same section defines what constitutes a Canadian fishing vessel. There are four requirements listed in the act as it now stands, and I think the intention was that in order to be considered a Canadian fishing vessel, a vessel had to meet one of these main requirements. Under the law as it presently stands, any fishing vessel which satisfies one of the four chief requirements which I have mentioned is a Canadian fishing vessel within the meaning of the act. That is to say, a vessel registered in a foreign country but owned in Canada would, under the present definition, be considered a Canadian vessel.

In recent years there has been a significant increase in fishing operations in the high seas adjacent to Canadian territorial waters. It is therefore necessary for the protection of Canadian fisheries to clarify the law so as to make sure that before a fishing vessel can be considered a Canadian fishing vessel, and consequently entitled to operate in Canadian waters, it must be registered or licensed in Canada and owned in Canada; or, in the case of fishing vessels which are not required under Canadian law to be registered, that is to say small boats, that they be owned in Canada and not registered elsewhere.

There is nothing complicated or obscure about the amendment. It is intended purely to clarify this section of the act which defines what is meant by a Canadian fishing vessel. There are no other implications in the amendment at all.

Mr. H. J. Robichaud (Gloucester): I wish to thank the minister for the brief explanation he has given of the amendment now before the house for consideration. As the minister said, its purpose is to clarify the definition of a Canadian fishing vessel. The hon. gentleman made reference to the purpose of the fisheries protection act, and he also referred to encroachment by foreign fishing vessels which are operating in proximity to our Canadian shores.

I feel that the minister is missing a golden opportunity to amend this act so as to provide proper protection for Canadian fishermen. Under the present regulations as they affect our territorial and coastal waters, foreign vessels are allowed to fish up to three miles from our shores although certain of our own Canadian vessels, vessels of a certain size, cannot come within ten miles of our shores. I recall very well that in years past, when some of the hon. members who are now sitting on the government side of this house were members of the opposition, they took the opportunity provided by consideration of the estimates of the Department of Fisheries to advise the government how it should proceed in order to remedy this most unfortunate situation. I know, and everyone knows, that in the last three years very little if anything has been done to change the position.

We understand that the present amendment will to some extent clarify the definition of

what is a Canadian fishing vessel. But let us look carefully at the amendment, particularly as it is set out in subparagraph (a) which is now to read:

"Canadian fishing vessel" means a fishing vessel (i) that is registered or licensed in Canada under the Canada Shipping Act and is owned by one or more persons each of whom is a Canadian citizen, an individual resident in Canada or a corporation incorporated under the laws of Canada or of a province, having its principal place of business in Canada.

Under the old provision it is stated that a Canadian fishing vessel means a fishing vessel that is:

(i) registered in Canada
(ii) owned by one person domiciled and resident in Canada

—and so on. Under the present amendment the word "domiciled" has been taken out and replaced by "resident" only. It seems that under this definition, instead of restricting the interpretation of what is meant by a Canadian fishing vessel we have broadened it.

I repeat that I feel the minister has missed a golden opportunity to improve the position of Canadian fishermen vis-à-vis foreign fishing vessels. As far as I can see now, apart from what has been mentioned with regard to clause 1, all this amendment does is to bring within the definition of Canadian fishing vessels certain small boats which are not mechanically propelled and which, under the present regulation, could not be defined as Canadian fishing vessels.

It is an amendment of very minor significance, as the minister has said. I hope that later on this session when we shall be better able, under the rules of order, to discuss this section of the act in greater detail so far as it relates to the operation of draggers and other foreign fishing vessels operating in proximity to our Canadian shores, we shall be able to get from the minister a definite statement clarifying the policy of the present government so far as the operation of foreign owned fishing vessels is concerned within certain limits of our territorial waters.

When the present bill comes before the committee of the whole we shall be able to discuss the proposed amendment in greater detail, and I hope the minister at that time will be in a position to give us further information.

Mr. Frank Howard (Skeena): Mr. Speaker, I am also of the opinion that it would be beneficial if amendments were introduced dealing with the territorial waters limit. I know that the circumstances on the east coast to which the hon. member for Gloucester (Mr. Robichaud) referred concerning the three-mile limit versus the 12-mile limit seem particularly crazy.

We have a somewhat different problem on the west coast. Conditions on neither coast operate to the greatest benefit of the Canadian fisheries in terms of the territorial water limits being placed where they are at this time. That is not within the ambit of the bill and probably I am out of order in referring to it, but I mention this to put our discussion in its proper perspective and perhaps I may be granted that leeway.

Apparently it is the attitude of the department that the intent of the amendment is to bring under the jurisdiction of this act those small boats engaged in commercial fishing but not required to be registered under the Canada Shipping Act. That was the gist of the explanation given by the department on the west coast concerning the amendment. I have nothing more to say in that regard. Some apprehension has been expressed about the amendment making it easier for foreign vessels to enter our fisheries, and we would appreciate having the minister's comment in that respect. There are other minor questions which I shall raise when the committee stage is reached.

Mr. L. R. Crouse (Queens-Lunenburg): Mr. Speaker, it is with pleasure that I rise to speak briefly on this bill to amend the Coastal Fisheries Protection Act. I wish first to commend the minister for the interest he has shown in all matters pertaining to his department, and especially for the action he has taken which will strengthen the position of the Canadian fisheries.

I also listened with much interest to the remarks made by the two previous speakers, the hon. members for Gloucester and Skeena, with respect to the three-mile limit versus the 12-mile limit. I consider it unfortunate that when the Liberals were in power the hon. member for Gloucester was not more vocal on this matter, which is of vital importance to fishermen on the east coast. I trust that the hon. member will contain his curiosity for a little longer this session, because I am hopeful that before long he will receive answers to some of the questions he has raised.

Originally the Coastal Fisheries Protection Act was designed to protect the fisheries in Canadian territorial waters from encroachment by foreign fishing vessels, and also to regulate the privileges accorded to foreign fishing vessels in our ports. Under the old act it was possible to have a vessel, registered in a foreign country but owned in Canada, considered a Canadian fishing vessel. Conversely, it was also possible to have a vessel registered in Canada owned by a resident who was not a Canadian citizen, and this ship was also classed as a Canadian fishing vessel. However, in recent years there has been a significant increase in fishing operations on the

high seas adjacent to our territorial waters. Probably no other country in the world has the complex problems in fisheries management that confront Canada. Our interests on the east coast extend from Georges and Brown's bank, which lie in an easterly direction from Cape Sable, past LaHave bank, Emerald bank, Sable Island bank, Middle Ground, Canso bank, Banquereau, Misaine bank, St. Pierre bank, Green bank, the Great bank off Newfoundland to the fishing grounds off Labrador in the Labrador sea.

Our species range from lobsters and scallops to cod, haddock, pollack, halibut, flounder and almost every known kind of groundfish. Each area and species presents its own special problems requiring individual study and individual solutions, if indeed solutions in some cases exist. The tremendous resources of the sea made their contribution to bringing about the early development of the Atlantic provinces, especially Nova Scotia, and a study of early history will indicate the importance of the fisheries even in the days of Sir John A. Macdonald when negotiating with the United States. Even today the fishing industry in the Atlantic provinces is a potent force in our area's economy, with the commercial value of fish landed in the four Atlantic provinces during the year 1960 amounting to $59,891,000 in payments to the fishermen.

Our problem today when considering fisheries management and assistance to Canadian fishermen does not concern itself only with the protection of fish but also with the creation of conditions under which the entire resource can be maintained or improved for the benefit of Canada and for future generations of Canadians.

The world-wide interest in the ocean and its resources is becoming broadly apparent, and this is not difficult to understand. Resource competition among nations is becoming increasingly intensive, and with the exception of our narrow three-mile territorial fringe, the ocean resources are free. The fish are there for the taking on a first come, first served basis, and we are only now beginning to realize the value of this resource when we see the extravagant claims for expanded territorial seas put forward by certain nations desirous of protecting their fisheries, as well as the oil or mineral rights found on the continental shelf. However, as fishermen, we are mainly concerned with the ocean as a source of food supply; and as the world's population grows, with greater need for living space and less arable land to provide food, greater and still greater emphasis will be placed upon our fisheries to provide highly edible protein.

[Mr. Crouse.]

With these thoughts in mind, therefore, it becomes vitally important and necessary to tighten up the regulations dealing with Canadian fishing vessels. In my opinion these amendments will clarify the law so as to make certain that before a fishing vessel can be considered a Canadian fishing vessel and consequently entitled to operate in Canadian waters, it must be registered or licensed in Canada and owned in Canada by one or more persons each of whom is a Canadian citizen. While I believe still further changes are required for the protection of the rights of Canadian fishermen, these amendments are indeed a forward step and one in the right direction.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, any act that pertains to fisheries and particularly to fisheries protection is of special interest to Newfoundland. This bill will probably affect our province more than any other province in Canada.

If we look back over the history of legislation for the protection of fisheries, we find that there have been very few amendments since 1868 when the first law came into existence. It was entitled the customs and fisheries protection act. As we follow the history of the amendments that have been made we notice that practically all of them have resulted from an effort to expand or clarify the definition of a fishing vessel. The 1868 act lasted right up to 1913, when it was amended to define foreign vessels. In the 1913 act a foreign vessel was described as one which is not navigated according to the laws of the United Kingdom or of Canada. This amendment, of course, preserved the treaty rights which Canada had with the United States, as the government was empowered to allow United States vessels to enter Atlantic ports to purchase bait, lines, outfits and so forth.

In 1952 fisheries protection was separated from customs protection, and the definition of a fishing vessel was further enlarged to include sealing vessels, vessels engaged in the taking of marine plants and also processing vessels which are sometimes referred to as mother ships. The 1952 amendment was also necessary to legalize certain traditional privileges and arrangements between Newfoundland and foreign powers, for entry to Newfoundland ports, which were of long standing and which applied particularly to Portugal and Spain.

The definition of a fishing vessel under the present act is as follows:

(a) "Canadian fishing vessel" means a fishing vessel that is
(i) registered in Canada,

(ii) owned by one person domiciled and resident in Canada,
(iii) owned by two or more persons, all of whom are domiciled and resident in Canada, or
(iv) owned by a body corporate incorporated under the laws of Canada or the laws of a province and having its principal place of business in Canada;—

The bill before us seeks to amend this definition in three important respects. For example, the first condition that a vessel must be registered in Canada is now enlarged to include registered or licensed in Canada. Condition No. 2, that a vessel must be owned by one person domiciled and resident in Canada, has been changed to just resident in Canada. The requirement to be domiciled has been eliminated. Condition No. 3, that a vessel must be owned by two or more persons, all of whom are domiciled and resident in Canada, has now been changed to eliminate the domiciliary requirement and to require the owners to be Canadian citizens. There is also a new paragraph which, as the hon. member for Gloucester pointed out, brings under this act those small ships which are not mechanically propelled and are not required to be licensed under the Canada Shipping Act.

These proposed amendments appear to involve a relaxation of the requirements of ownership which has been brought about by a broadening of the definition. In my opinion the omission of the word "domiciled" makes the definition much more vague than it was before, because the word "domiciled" has a very clear, precise meaning. When we eliminate this word and rely on the definition of being resident in Canada, the definition becomes somewhat blurred because the word "resident" unlike the word "domiciled" has no clear and fixed meaning. It has different meanings in different acts of parliament; it has different meanings in different parts of Canada and in different situations.

I can perhaps understand that there would be some advantages in having such a broad definition. I can see that perhaps it might facilitate deep-sea sportmen who come to Canada and spend a few weeks in some of our Atlantic ports fishing for tuna and indulging in that kind of sport fishing. But if on the other hand we regard the definition of fixed residence as important, then it seems that the use of the word "resident" when dissociated from the word "domiciled" may constitute a loophole which could be taken advantage of and, as the hon. member for Skeena pointed out, it may not achieve the purpose that we intend this legislation to accomplish.

I suggest that the minister might consider writing a definition into this act so that we would know exactly what the word "resident" means as it applies to this particular legislation. It was not possible to do this in the 1913 act because that act included vessels from the United Kingdom, and a person did not have to be a resident of Canada to enjoy the privileges accorded to Canadian ships.

Before I resume my seat, Mr. Speaker, I wish to emphasize one point made by the hon. member for Gloucester. Since we are amending the Coastal Fisheries Protection Act, and since these amendments are so very rare and infrequent, it is a pity that the government did not see fit to include in this bill some clarification of our territorial waters; because this bill applies to territorial waters, and I do not think we can dissociate our discussion of this bill from some discussion of the territorial waters to which it applies. When I looked up the debate in 1952, when the last amendment was made, I noted that the Secretary of State for External Affairs, now the Acting Prime Minister, who was then the member for Vancouver Quadra, pointed out two things; first that in the main act as we have it today the definition of our territorial waters is not clear. He asked for a clarification of that point.

The second point made was that our territorial waters should be extended. I believe it was said at the time, that this question was being considered by an interdepartmental committee. I think it is safe to assume that departmental committee has finished its work and has made some recommendations in this matter. It would have been helpful if the minister had included those recommendations in this bill we now have before us. I refer particularly to the definition of coastal waters. It is not clear to many people whether we determine our coastal waters on a point to point basis, that is on a straight line from headland to headland, or just by following the contour of the coast and extending it three miles offshore. The minister will appreciate the fact that this particular bill will not contribute very much to the solution of the problem of protecting the coastal fisheries in my own particular riding because our best inshore fishing grounds are 12 miles offshore. Unless we can control our coastal waters to that extent our inshore fishermen will always be deprived of the opportunity of earning a livelihood because of foreign draggers fishing in this area.

Mr. Speaker: Order. I wonder if the hon. member is bringing into the debate another principle. I think he recognizes that he probably is. This bill is rather narrow in scope, and the particular problem which the hon. member is now discussing, and which other hon. members have touched upon, might better

be left until we reach the estimates of this department or until it is relevant to the precise terms of a bill before the house.

Mr. Carter: Mr. Speaker, I did not intend to elaborate on this point. I realize that I was perhaps a little outside the scope of this bill but I was seeking to emphasize that this was a golden opportunity for doing something about this particular problem. I hope the minister will give consideration to this problem and bring in legislation to cope with it at an early date.

Mr. J. R. Keays (Iles-de-la-Madeleine): Mr. Speaker, I should like to make a few comments with regard to this bill. I notice it contains a very clear and concise definition of "a Canadian vessel". I believe the amendments contained herein will be welcomed by some of my constituents because they are engaged, at this time of the year, in sealing operations and have purchased ships under foreign registry. We heard a rumour last year to the effect that any ship under foreign registry could not fish out of Canadian ports but I believe this rumour has been discounted. This amendment will bring comfort to those ship owners because they will now know that, although their ships are under foreign registry, if they fall within the clear definition of a Canadian vessel and the owner is a Canadian citizen, they will be allowed to continue their fishing operations. I do not believe the words "domicile" or "residence" have too much meaning in respect of these owners being Canadian citizens. I welcome these amendments and sincerely hope that they will clear away the ambiguity which has existed in the past concerning foreign registry and Canadian licensing under the Canadian shipping act.

Mr. C. R. Granger (Grand Falls-White Bay-Labrador): Mr. Speaker, any subject dealing with coastal fisheries is of necessity very interesting to those of us who have ridings with seaports. The protection of coastal fisheries is of vital importance to those of us living in the province of Newfoundland. The minister, as he stated, in presenting these amendments is seeking to clarify and define some points in the present act. This is something with which most of us are in agreement. I feel I should also say that it is of great importance that more be done to protect coastal waters from the incursions of foreign fishing fleets. I have dealt with this subject from time to time and do not intend to make any further comment at this stage. I feel that most hon. members are well aware of the conditions that exist in this regard.

I should like to make brief reference at this time to the remarks made by the hon. member for Queens-Lunenburg (Mr. Crouse) who presented a very good picture of the importance of fisheries. I would not however associate myself with his criticism of the hon. member for Gloucester (Mr. Robichaud) for putting forward the suggestion he made. It seems that whenever a member on this side of the house makes a suggestion, immediately the question is asked, why did you not do it. I feel this is a very poor excuse for the lack of action of those who are now in power.

Mr. H. M. Batten (Humber-St. George's): I should just like to say a word or two about this amendment and to express my agreement with it as far as it goes. I do however suggest, as other members have, that we are looking forward to receiving information from the minister regarding fishing limits. I recognize that you have, Mr. Speaker, already advised members that they should stay within the three-mile limit but I would hope, as the member for Queens-Lunenburg has suggested, that during the present session there may be some legislation dealing with fishing limits.

Last year during the debate on external affairs I made an attempt to place on the record the fishing limits as they presently exist and how they affect the province from which I come. I have looked forward with a great deal of anticipation to legislation which will not only deal with the item we have before us today, but also with fishing limits generally around the Canadian coast.

Mr. Speaker: If the hon. minister speaks now he will close the debate.

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, I should like to make a few remarks in reply. The purpose of this amendment is to clarify the meaning of the act as it now stands. There are four alternatives existing in regard to the definition of "Canadian fishing vessel". The law officers of the crown have advised me that under the present definition a vessel falling within any one of the four alternatives would be considered a Canadian fishing vessel. The main purpose of this amendment is to clear up the ambiguity regarding the Canadian status of these vessels.

Several points have been raised which I feel are out of order, but in view of the bearing they may have on this subject I might perhaps be permitted to say a word about them.

The first question raised was that of the restriction on Canadian trawlers in certain parts of our sea coast where they are required to stay 12 miles out. This requirement is under section 55 of the Fisheries Act. I am hopeful that before the session is over I shall be able to introduce an amendment

dealing with that matter which will bring a greater element of justice to the situation in which a number of Canadian trawlers find themselves as compared with foreign trawlers and yet at the same time protect the rights and interests of inshore fishermen in smaller boats. I would not want this to be taken as a guarantee on my part that this amendment will be introduced in this session, but I am hopeful that it will be introduced. We have been working on suitable amendments to the Fisheries Act for several months and I am hopeful that we shall have a bill to bring before this session of parliament.

With regard to the width of our territorial waters, may I say that this again is an entirely different matter as is the baseline from which the width of territorial waters are to be measured. A the conference held under the auspices of the United Nations in Geneva last year there was the required two thirds approval of several matters, one of which was the method of measuring territorial waters. When these twenty two countries, I believe it is, ratify that agreement, this method will come into effect. The matter of the actual width of territorial waters or an exclusive fishing zone is a matter for further international agreement. I still have not given up hope that some international agreement may be reached. As to the need for further amending of this act if agreement is reached, that will depend on the type of agreement.

I think these are the main points on which I wished at the moment to make observations. However, when we are in committee I shall be glad to answer any further questions.

Mr. Robichaud: Will the minister permit a question?

Mr. MacLean (Queens): Yes.

Mr. Robichaud: My question is based on the statement which was made a few moments ago by the hon. member for Iles-de-la-Madeleine to the effect that under this amendment ships of foreign registry could be registered in Canada. Can the minister explain how this can be done?

Mr. MacLean (Queens): There are at the present time, as I understand it, vessels owned, for example, in commonwealth countries and they can be registered in Canada, without being owned in Canada. As the act now stands you could have for example—and an extremely theoretical one—an Australian owner registering a vessel in Canada and under the terms of the present act it would be a Canadian fishing vessel. Conversely, you could have a Canadian owned vessel registered in some other country and, under the present section, it also would be a Canadian fishing vessel. But any consideration of the terms of registration and licensing it depends on what is meant by the term "licensing". If the term "licensing" refers to the shipping act, I think the same vessel would not be licensed and registered. Licensing is for a smaller class of vessel. But if the reference is to licences issued by the Department of Fisheries under which certain vessels operate—and I refer to trawlers especially —then of course the two are required, namely registration and a licence.

Mr. Robichaud: I have a supplementary question.

Mr. Speaker: I wonder if the hon. member would ask his questions in committee. It would be more convenient to do so then. They are really matters of detail.

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

On Clause 1—*"Canadian fishing vessel".*

Mr. Robichaud: I should like to follow up a question which I asked the minister when we were on second reading of the bill a few moments ago. Is it not true that licensing, as far as the Canada Shipping Act is concerned, applies only to vessels of ten tons and under? That is why I wanted to clarify the statement that had been made by the hon. member for Iles-de-la-Madeleine to the effect that the present amendments will allow foreign vessels—I think he had sealers in mind—to be licensed under Canadian regulations following the passing of this amendment.

Mr. MacLean (Queens): I have not the Canada Shipping Act before me at the moment but what the hon. member said is correct, as I understand it. I think it is under ten tons—although I am not sure of the tonnage—where a licence is required rather than registration.

Mr. Howard: It would seem to me that one of the parts of this measure which perhaps needs some additional explanation is the deletion, as it were, of the reference to domiciling. As was pointed out, in section 2(a) of the act now reads as follows:

> (a) "Canadian fishing vessel" means a fishing vessel that is . . .
> (ii) owned by one person domiciled and resident in Canada,
> (iii) owned by two or more persons, all of whom are domiciled and resident in Canada,—

These two paragraphs have pretty well been consolidated now in the phrase "is owned by one or more persons each of whom is a Canadian citizen". The substitution of the words

"Canadian citizen" has been made for the words "persons domiciled and resident in Canada". In so far as Canadian citizenship is concerned, this is an understandable part of the government's feeling for Canadianism and of our attitude also. However, I wonder why there was a deletion of the reference to the words "domicile" and "residents". Presumably there are people who are Canadian citizens and yet have lived in other countries for many years, still retaining their Canadian citizenship for one reason or another. Presumably their residence might be in California, England, Australia or some other country and yet they are still Canadian citizens. These people may own a boat or a ship that is a fishing vessel and which comes within the definition here. I wonder whether the minister can explain the reason behind this and just what it means.

Mr. MacLean (Queens): The concept of domicile is a legal concept, as I understand it. I am not a lawyer. However, it is something that is very difficult to determine. I believe that it is possible to be domiciled in Canada without living here. As the act stated previously, and as the present act is interpreted by the law officers of the crown, all that was required was one of those four alternatives. One of those alternatives was residence and domicile.

Therefore as the act now stands you have the situation where a person domiciled in Canada but perhaps living in the United States and owning a vessel has the privilege of his vessel being considered a Canadian fishing vessel. We have made these amendments in order to tighten up the act. One has to be actually resident in the country, unless one is a citizen.

These requirements are not alternatives any of which may be met. Since both requirements as to registration and ownership have to be met we felt it reasonable to drop the domicile provision. As I said, this is not effective anyway. As far as Canadian citizenship is concerned, we have introduced this amendment because the vast majority of people concerned are Canadian citizens.

There may be situations where a Canadian citizen may temporarily not be resident in Canada. He retains his Canadian citizenship and his interests are in Canada, but he is resident abroad on a temporary basis. Under those circumstances he would not be disqualified.

Mr. McCleave: Mr. Chairman, I have a question for the minister. One of the alternatives for ownership is as follows:

—a corporation incorporated under the laws of Canada or of a province, having its principal place of business in Canada,—

[Mr. Howard.]

I ask the minister through you, Mr. Chairman, whether it would be possible for non-residents of Canada to take advantage of the Coastal Fisheries Protection Act by setting up a corporation in Canada.

Mr. MacLean (Queens): There has been no change in this matter. The company has to be incorporated under the laws of Canada or of a province. Usually it is under the laws of a province. We believe that in this case the interests of the province are safeguarded when such companies are incorporated.

Mr. McCleave: Perhaps I could put the question in a slightly different way. I realize that there has been no significant change in this particular part of the section dealing with corporations. Is the minister or the department aware that in the past foreign owners have managed to get around the law by using the device of a Canadian incorporation? Has there been such an abuse in the past?

Mr. MacLean (Queens): I think there is no difference between this case and that of any other corporation carrying on business in Canada. I know of no specific case where the law has been circumvented in this regard, and where a special corporation has been set up as a front in Canada so that a foreign corporation could operate fishing vessels and have these privileges. We know of no cases of this type. We have strengthened the act considerably by removing this doubt, because the present act requires only one of four alternatives to be met in order to make the vessel a Canadian fishing vessel. Now, both registration and ownership are required.

Mr. Granger: I should like to ask the minister a question, Mr. Chairman. I refer to sport fishing for tuna, which has some importance in Nova Scotia and Newfoundland. Does this amendment affect that type of fishing? For instance, does it have any effect on sportsmen from the United States who want to bring their own boats into this country?

Mr. MacLean (Queens): This act gives authority for regulations to be made. That matter is controlled under regulation by order in council. There is a regulation which permits tuna fishermen to operate from Canadian ports purely as sportsmen. This applies only to United States sports fishermen.

Mr. Howard: Mr. Chairman, I wish to ask additional questions of the minister following upon what I have said in regard to the matter of domicile. Perhaps I could get back to that question. As I understood the minister, he said the act provides four alternatives in this connection. He went further and said that one of those was domicile.

I think this is perhaps not entirely correct, because it is domicile and residence; the two are connected. The minister said that while domicile is a rather vague term and a person could be really domiciled somewhere but not in fact living there—and I think this is quite true—perhaps the coupling of domicile with residence may be a bit stricter and easier to understand. I think this is perhaps easier to understand than the proposed amendment.

In as much as these references to domicile and residence have been incorporated in the act for a long period of time—I do not know how many years, but quite a number of years—and nothing untoward has resulted from these words being used, I think it would be in keeping with the desire of the officials and the minister to replace the words "domicile" and "residence" in the amendment before us in order to maintain as high a degree of Canadian ownership and responsibility as possible.

I think perhaps in order to do this in a formal way, rather than just talking about it, I should move the following amendment. I have simply scribbled this on one sheet of paper, but I think that with all the discussion we have had it will be relatively easy to follow the reason for such an amendment. I would accordingly move that paragraph (a)(i) of clause 1 be amended in line 11 thereof by inserting after the word "citizen" the following:

—domiciled and resident in Canada—

The paragraph would then read as follows:

"Canadian fishing vessel" means a fishing vessel (i) that is registered or licensed in Canada under the Canada Shipping Act and is owned by one or more persons each of whom is a Canadian citizen domiciled and resident in Canada—

Then it would carry on as at present.

Mr. Robichaud: Mr. Chairman, I wish to speak in support of this amendment. I mentioned this matter in the course of my remarks on second reading. I have here the Oxford dictionary and "domicile"—this is after "law"—is defined as "place of permanent residence". This is much stronger than "residence", which is defined as living on the spot for certain periods or altogether.

A person cannot, therefore, be a permanent resident of Canada or one who is domiciled in Canada just because he has a summer cottage in which he resides for a few months. If the purpose of this amendment is to strengthen the definition of "Canadian fishing vessel" I feel the word "domicile" should be left in the act as it is at present.

Mr. MacLellan: I think it is well that hon. members should keep in mind the large part that is played in the development of the fishing industry on the east coast by United States capitalized concerns. In my own riding, for example, one of the largest fish plants is owned by Booth Fisheries Limited. This plant employs 270 people who have been working overtime since the middle of January. It is evident that this concern leaves a large payroll in that community, and for this reason I am glad the minister has made no change in connection with the ownership of vessels of corporations owned outside Canada which, as in the case of this Booth concern, provide ships and plants which give important employment inside Canada.

To turn to the question raised by the hon. member for Skeena, may I say that I was pleased to see that the word "domiciled" had been removed from the old law, because in the act as it now exists a person has to be domiciled and resident in Canada. As the hon. member for Gloucester has said, the word "domiciled" implies that a person must live here permanently. Let us take the situation which arises when a United States fish plant is established in Canada. Executives of these corporations come to Canada to live, but they do not necessarily move here permanently. They may come here for a period of four or five years, and then be transferred back and forth between plants in Canada and plants in the United States. It is in our interest to encourage the movement of fish plants from the New England states to Canada, which is something which has been happening in the last few years and which I hope will continue. If the amendment proposed by the hon. member for Skeena were carried it would mean that the owner of a boat would not only have to be a Canadian citizen but he would have to be living in this country permanently, as well as being a resident here. It seems to me it is sufficient that a man who is not a Canadian citizen should have his residence in Canada. That also is a word which implies that he lives here and earns his livelihood here, and I think it is sufficient. To enact that he must also be domiciled here would, I think, be placing a restriction on the development of the fishing industry of a kind that hon. members would not like to see.

I submit that the amendment now proposed by the minister is adequate to meet our purpose and I think we should be doing harm to the industry if we tried to impose further restrictions along the lines suggested by the hon. member for Skeena. I do not see why a man should have to undertake to live here the whole of his life before he is permitted to own a Canadian fishing vessel.

Mr. Browne (St. John's West): The hon. member for Gloucester gave a definition of the word "domiciled", and then he gave a definition of the word "residence". If he had

continued reading the definition of "residence" he would have seen: "a place where one resides, abode".

I do not think there is really much difference between the word "domicile" and the word "residence". Both imply that a person is living permanently in one area. If the hon. member had continued to read the definition of "resident" he would have found in the same dictionary from which he quoted the meaning, "permanent inhabitant of town or neighbourhood". So if a person is a permanent inhabitant, I think we could regard the conditions required by the law as being satisfactorily fulfilled.

Mr. Robichaud: In reply to the minister, may I point out that the word presently in the act is the word "resident". In this respect, in connection with the remarks made by the hon. member for Inverness-Richmond, perhaps I should say that I agree that corporations incorporated under the laws of Canada or of a province, and having their place of business in Canada, must continue to be governed by the provisions already in the act. The change we are discussing affects individuals only. It does not affect corporations, because corporations are provided for elsewhere in the paragraph.

Mr. MacLellan: If I did not make myself clear to the hon. member for Gloucester I am sorry, because I think he must have misunderstood me. In the latter part of my remarks I was referring to the situation of individuals required to be domiciled and resident in Canada. There are many individuals in Canada associated with fish plants owned outside Canada. They are resident here for all practical purposes and they are citizens, for example, of the community of Petitdegrat in my riding. However, if they are to be required by law to be persons domiciled here they must prove that they have come to Canada permanently and that they do not intend to move away again, because the essence of the establishment of a domicile is permanent residence. A person could be resident here, even on a semi-permanent basis, for five, ten or 20 years, but unless he could prove he intended to be resident here forever he could not be said to be domiciled here and he would not qualify under the terms of the amendment proposed by the hon. member for Skeena. I think we should be careful before imposing a restriction of that type upon the class of person I have in mind.

Mr. Carter: I think the hon. member for Inverness-Richmond has given us a new definition of "residence". The hon. and learned Solicitor General has just told us that there is not a great deal of difference between "domiciled" and "resident". I think that if we look at various acts of parliament we shall find that the term "resident" is not always defined in the same way. For instance, I think it is defined differently in the Income Tax Act than it is in the Canada Elections Act. The term has many different meanings in both federal and provincial legislation. It has no fixed and definite meaning such as the hon. member would give to it. I think it is on that account that when we use the term "resident" we often place an adjective in front of it and use the phrase "a person who is ordinarily resident". The word "resident" has such a number of interpretations that we have to use that phrase as a safeguard to make up for all the vagueness and uncertainty surrounding it.

I rise to point out to the hon. member for Skeena that if we adopt his amendment—and it is an amendment with which I am inclined to agree—we are going to create another problem, because the hon. member did not say anything about deleting the words "an individual" in line 11. If we insert after "citizen" the words "resident and domiciled in Canada" and then go on to say "an individual resident in Canada" it will be open to this interpretation, that if one person owns a boat he only needs to be an individual resident in Canada but if more than one person owns a boat they have to be Canadian citizens resident and domiciled in Canada. I wonder how the hon. member is going to get over that difficulty.

Mr. Howard: Very easily; simply by moving another amendment. I think we are allowed to move only one amendment at a time. If this amendment carries we shall have an opportunity to move a consequential amendment so that the provision would read, "An individual domiciled and resident in Canada," and both would have the same phraseology.

Mr. Carter: There is a point the hon. member has overlooked. There should be a clarification of what the intention of this amendment is. Even as it now reads it can be interpreted as meaning that if one person operates a boat he should be an individual resident and, if more than one, each individual has to be a Canadian citizen.

Mr. MacLellan: I cannot draw that interpretation from it.

Mr. Carter: If we insert the amendment proposed by the hon. member for Skeena that meaning would certainly be imposed on this clause. The hon. member would then have to make clear in his second amendment that the individual person was also a citizen.

Mr. MacLean (Queens): Mr. Chairman, I think there has been some objection expressed to the amendment proposed by the hon. member for Skeena. The hon. member for Burin-Burgeo has raised an objection. However, as far as the government is concerned there is no objection to stipulating both requirements of domicile and residence. I would be quite willing to accept the amendment as long as the objection raised by the hon. member for Burin-Burgeo is met. Would the hon. member for Skeena be agreeable to withdrawing his amendment if an amendment to the following effect were proposed. Instead of referring to an individual resident in Canada it would read "a domiciled resident of Canada".

Mr. Carter: A domiciled citizen.

Mr. MacLean (Queens): No, a citizen would not have to be domiciled. Reference would be made to, "one of whom is a Canadian citizen, a domiciled resident of Canada, or a corporation incorporated under the laws of Canada." I believe that would meet the objection.

Mr. Howard: It would meet part of it, the question of having domicile and residence attached to an individual other than a Canadian citizen, but I submit there are a number of persons who are Canadian citizens and who own and operate businesses in Canada but who are resident in other countries on a permanent basis and spend all their money there. If we inject this flavour of Canadianism into our law I believe we should take the next step and see that these people who are Canadian citizens do not live in Florida, California or Mexico, but in Canada where they make their livelihood. I do not suggest that any fishermen live in Florida. I believe the assistant minister of justice is attempting to interject but I invite him to make his comments at the appropriate time. The minister's amendment does not meet the objection that a person should be resident and domiciled where he earns his living and spends his money, and both points should be coupled together.

Mr. MacLellan: Mr. Chairman, I think it would be a grave mistake to narrow too much the right of an individual to own a Canadian vessel. Problems could arise if a man had to be both domiciled and resident in Canada and had to be able to swear he was a Canadian citizen. I think of people associated with some of our fish plants in the east. They would have to be prepared to swear that they intended permanently to live here. They may not in fact do so, but they must state their intention to do so in order to qualify as a person domiciled in Canada.

What would be done in effect by changing the wording to specify a domiciled resident of Canada would be to rule out from the definition a United States citizen who happened to be transferred to Canada as manager of, or executive of a fish plant and who might be here five or ten years but who would perhaps eventually go back home to Boston or wherever the head office of the plant may be.

I think it would be a mistake to adopt the wording suggested, and I should like to see the minister further examine the legal meaning of this language before a change is made in the clause. I think it would be a serious mistake to say we should limit the ownership of Canadian vessels to Canadian citizens actually living in Canada.

The situation is not unknown in my riding, and some other ridings on the east coast, where a man associated with some of the fish plants owned in the United States moves back and forth between the maritime or Atlantic area of Canada and the New England area of the United States. If we limit the ownership under the definition to a person who is a Canadian citizen actually resident and domiciled in Canada we would, under this narrow definition, eliminate many people who now own vessels or who may in the future be encouraged to operate vessels out of Canadian Atlantic ports.

Mr. McCleave: Mr. Chairman, may I ask the hon. member a question before he resumes his seat. Does the hon. gentleman think that the individual employees, the managers of these fish plants, would be, themselves, the owners of the vessels? Is it not more likely that the vessels would be owned by the corporations that are provided for in part in another clause in this measure?

Mr. MacLellan: As far as Booth Fisheries Limited fish plant at Petitdegrat is concerned I am sure the boats would be owned by the corporation, but it might not be unusual for a United States executive to own a Canadian vessel while stationed here for five or ten years. Why should we change the legislation to prohibit his owning a vessel while living in Canada?

I should now like to ask the hon. member for Halifax a question. Does the hon. member agree with my definition of "domicile" as meaning a person who lives in a place with the intention of living there permanently? Does the hon. member agree with that definition?

Mr. McCleave: Yes indeed, Mr. Chairman. I believe the Latin expression is *animus manendi* coupled with physical presence. I had some experience with this question in a previous and quite famous debate.

Mr. MacLellan: I asked the hon. member that question because I think it is important for those who are interested in this question to agree on definitions. I know that the hon. members for Burin-Burgeo, Gloucester and Queens-Lunenburg are interested in this matter. If a man is to be considered as domiciled here he must be ready to swear he has come to Canada permanently and as hon. members know there are many people now associated with the fishing industry who could not do that.

Mr. Robichaud: I am personally inclined to agree with the amendment suggested by the minister which covers the points raised. I understand that the purpose of this amendment is to strengthen the provisions of the act relating to the ownership of Canadian vessels by Canadians resident in Canada. The danger of the provision as it reads now is that any individual resident in Canada may become the owner of a Canadian vessel. The objection I indicated earlier, and which the hon. member for Inverness-Richmond does not seem to realize, is that the employees of foreign fishing firms in Canada could have a number of boats registered in their own names as a result of the fact they are employees of that firm. In this instance they may be resident in Canada for three, four or five years or more but they are not domiciled. That is why we want the word "domiciled". This word was in the old act. Paragraph (a)(ii) of section 2 of the old act reads:

—owned by one person domiciled and resident in Canada.

That is why we would like to have the word "domiciled" retained.

Mr. MacLean (Queens): Mr. Chairman, with respect to the point just made by the hon. member for Gloucester, I was about to point out that as the act now reads it requires residence in Canada and domicile in Canada.

I might also point out that as far as trawlers are concerned, in order to be licensed under the Fisheries Act they have to be owned by a Canadian, anyway. Therefore, even if this restriction were made a little more lax by requiring only residence rather than domicile as well, it would apply to only very small vessels. I do not think the point is really of much substance. I do not feel that I can accept the suggestion that Canadians who have Canadian citizenship should have any of their rights impaired by requiring them to be resident and domiciled in Canada in order to qualify for ownership of a Canadian vessel, because there may be cases where Canadian citizens have abandoned their country but yet retained their citizenship. I suppose that is possible. It would work a greater hardship on Canadians who are residing out of the country on a temporary basis. I think it would create an unnecessary hardship as far as they are concerned.

Mr. Howard: Before you put the amendment, Mr. Chairman, I should like to refer to the suggestion of the minister, particularly the second part having to do with domiciled, resident, and so on. In essence this is perhaps somewhat similar to what I suggested so far as Canadian citizenship is concerned. I do not wish to be overly critical but the draftsmanship of this particular bill is rather strange and could lead to a variety of conclusions. I understand one of the rules of draftsmanship is that you use the same words throughout a statute if they are to mean the same thing. In lines 9 and 10 reference is made to ownership by one or more persons. In this instance persons are referred to. In line 11 we no longer refer to persons but to individuals. We draw some distinction between an individual and a person. Is one person who owns a fishing vessel and is a Canadian citizen different from an individual who is a Canadian citizen and who also owns a fishing vessel? For the sake of clarity, it seems to me that the word "person" should be used throughout so that we would know what we are talking about.

I make reference to this part of the act only for this specific purpose. Subsection 3 of section 3 of the act makes reference to person. It says "no person". In other parts of the act, reference is made to persons. For instance, the section on offences and penalties says that every person is guilty of an offence who does certain things. Section 8 says, "Every person who violates" and so on. Throughout there is reference to the word "person" either in its singular or plural form. It would seem to me that the word "individual" is sort of out of place if we mean the same thing as we mean when we use the word "person". It would seem to me that we should be consistent throughout and use the word "person" in place of "individual". The amendment reads in part:

—an individual resident in Canada.—

To follow the minister's suggestion, perhaps these words should be deleted in their entirety and this phrase substituted therefor, "a person who is domiciled and resident in Canada". This is the language that is used in the act at the moment. This language permits continuity of expression and will show to those who come after us that at least we, as members of parliament, had a faint idea of what we were talking about when we used the same phrase. Will the minister comment on why the word "individual" was used in one instance and the word "person" or "persons" in another, and tell

us whether they are supposed to mean the same thing or a different thing?

Mr. Carter: Before the minister replies would he clarify that point a little farther? The old definition distinguished between when the owner was one person or more than one person? Is this new definition going to wipe out that distinction? If it is not intended to wipe out the distinction, then how are we to read these words "an individual resident in Canada"? Do they apply when the owner is only one person, or do they apply in all cases, whether the owner is one person or more than one person?

Mr. MacLean (Queens): This refers to one or more persons, each of whom is a Canadian citizen; an individual resident in Canada or a corporation.

Mr. Carter: This provision applies whether one person is the owner or more than one? They must all be citizens and also resident in Canada?

Mr. MacLean (Queens): No, they must be one or the other.

Mr. Carter: They must be one or the other.

Mr. MacLean (Queens): All of them must be either citizens or—

Mr. Carter: The amendment reads in part:

—and is owned by one or more persons each of whom is a Canadian citizen,—

An individual can be either a Canadian citizen or an individual resident in Canada.

Mr. MacLean (Queens): That is correct.

Mr. Carter: So that if there are two owners they may be two individual residents instead of two citizens?

The Chairman: Order. It being five o'clock, it is my duty to leave the chair in order to permit the house to proceed to the consideration of private and public bills pursuant to section 3 of standing order 15.

PRIVATE BILLS

JEAN GEORGE LIPSMAN

On the order:

Bill SD-1, an act for the relief of Jean George Lipsman—Mr. McCleave.

Mr. R. J. McCleave (Halifax): Mr. Speaker, I am going to ask again that these bills stand. I will also make a suggestion for the consideration of the house which will save the time of the clerks who prepare the order paper, and also save substantial printing costs. I suggest that until we do come to the consideration of second reading of the divorce bills all those on the order paper be placed under one order.

The second point I make is that since it is possible that members may wish to comment on individual bills, it be understood that when the time comes for second reading of the divorce bills the unified order be dispensed with, and each bill would then be in a position to be considered separately; that is, each under a separate number.

Mr. Frank Howard (Skeena): Mr. Speaker, may I comment on the suggestion and reiterate it so that it is clear to me as well. I understand that what is being asked precisely is, first, that all of the divorce bills be consolidated as of this time under one order number so that they will all appear under order No. 1, for argument's sake; and that when the sponsor of the bills decides to proceed with their consideration they will then be each numbered as a separate order so that they can be dealt with separately?

With that understanding we would agree.

Mr. McCleave: That is the suggestion I made to the house, Mr. Speaker.

Mr. Speaker: The suggestion made by the hon. member for Halifax, concurred in by the hon. member for Skeena, relating to order No. 1 covering 53 divorce bills, and also orders No. 2 to 96 inclusive covering individual divorce bills No. SD-54 to SD-148 inclusive is that they stand for second reading. It is proposed that all those orders be stood today and that they be carried on the order paper henceforth under one order until they are proceeded with. It is also understood that they may be dealt with individually if requested. Does the house concur in this suggestion?

Mr. Howard: It was my understanding that they were not to be dealt with individually on request but that at that time they appear on the order paper as separate order numbers.

Mr. Speaker: There is a difficulty involved in what the hon. member suggests in that it will not be known when they are to be proceeded with, but in the meantime will stand on the order paper as one number.

Mr. McCleave: Perhaps I can solve that difficulty by indicating that notice will be given to all parties concerned several days in advance. I will make a statement of the intention to proceed with them at some convenient time and they can then be renumbered under separate order numbers. I will make this announcement well in advance of the Tuesday period when bills are considered.

Mr. Frank McGee (York-Scarborough): Mr. Speaker, I am wondering if there is an impediment involved in the consolidation of these numbers. At the present time we are

printing ten pages dealing with these bills. Is there any reason why they cannot be referred to in some specific way rather than printing them day after day?

Mr. Howard: Mr. Speaker; I think we should deal with one thing at a time. We have not cleared up the question regarding the renumbering of the bills under separate order numbers. I think the suggestion made by the hon. member for Halifax regarding the announcement in advance of his intention to proceed with them would overcome the difficulty I have suggested.

Mr. Speaker: That would involve notice, before the house proceeded with second reading of any divorce bill which, as I understand it, would complicate the matter. If the house is concerned about the economy of printing these bills the suggestion is made that divorce bills coming on the order paper for second reading be consolidated under one order until the time the hon. member, in whose name they stand, wishes to proceed, and they then be listed again. Would the house concur in that suggestion?

Some hon. Members: Agreed.

Mr. Speaker: Is the house leader satisfied with that proposed arrangement?

Hon. Gordon Churchill (Minister of Veterans Affairs): I should like to ask a question for clarification. By consolidating these bills we would reduce the number of printed pages to three or four. When they are renumbered again we will expand the number of necessary pages to 10 or 12. Perhaps they could be referred to under one order and, when they come up for second reading and we make an agreement and an order issues to that effect, we could call each bill in turn by its present designation, SD-1 and so on. Would that meet our requirements and eliminate the extra burden on the clerk and printers which would follow?

Mr. Arnold Peters (Timiskaming): The individual bills could not normally proceed individually to subsequent stages of proceedings if they appear under one order number. They would have to have individual identity, and I think we would be wise to leave them in the way it is suggested they appear finally on the order paper.

Mr. Speaker: The suggestion which I understand the house had agreed to was that these bills be stood and be not printed again on the order paper until the hon. member for Halifax (Mr. McCleave) indicates that he is ready to proceed and that they then be set out seriatim as separate orders.

[Mr. McGee.]

Mr. McCleave: Mr. Speaker, that is the best suggestion of all, not to print them in the routine proceedings and orders of the day until, say, proper notice is given on a Friday afternoon for the following Tuesday. That seems to me to be the most commendable suggestion of all. If it were followed, we would really be saving money in this respect.

Mr. Howard: That would be agreeable, but it would be even more agreeable if they never again appeared on the order paper.

Mr. Speaker: The Clerk suggests that the order paper in the future, until notice is given by the hon. member for Halifax that he wishes to proceed, will show one order in general terms, to second reading of divorce bills and all divorce bills will be encompassed under that order including those which may come forward in the interval. Is it agreed?

Some hon. Members: Agreed.

CANADIAN GENERAL INSURANCE COMPANY

Mr. Theogene Ricard (St. Hyacinthe-Bagot) moved the second reading of Bill No. S-14, respecting Canadian General Insurance Company.

He said:

(Translation):

Mr. Speaker, the sole purpose of this bill is to give a French name to the company which, till now, has been known as the Canadian General Insurance Company; it is a question of adding to the name of that company the following French designation: "Compagnie d'assurance canadienne générale".

(Text):

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

AURORA PIPE LINE COMPANY

The house resumed from Monday, March 13, consideration in committee of Bill No. S-2, to incorporate Aurora Pipe Line Company—Mr. Woolliams—Mr. Flynn in the chair.

On clause 1—*Incorporation.*

Mr. Herridge: Mr. Chairman, the discussion of this bill reminds me of days gone by. Under what different circumstances are we discussing this bill and its principle compared with the discussion that took place on the famous pipe line bill.

Mr. Churchill: Freedom of speech was endangered then; it is not now.

Mr. Herridge: At that time the present Prime Minister sitting in opposition referred to individuals of the type connected with this bill as Texas buccaneers. Hon. members

of the Liberal party who formed the government of that day supported those Texas buccaneers. Only this little group in the corner has been consistent in opposing activity of this nature.

Mr. Woolliams: I wonder if the hon. member would permit a question?

Mr. Herridge: I am quite willing to answer if I can do so.

Mr. Woolliams: This is the question I should like to put to my good friend. Is it not a fact that most of the debate on the former pipe line was on an entirely different point than this debate is on? The debate was on the question of finances, on whether the government of Canada should back the finances. This is entirely different. This case is something like that of Northern Pipe Line of Saskatchewan which the hon. member approved last year.

Mr. Argue: The hon. member was obviously not here.

Mr. Herridge: The hon. member for Bow River is somewhat of a novitiate in this House of Commons. He forgets that years ago we had several discussions on pipe line bills which were almost identical with this one and not related to the one which he mentions at the present time.

However, Mr. Chairman, to carry on, I want to say that this group has been entirely consistent throughout the years in the application of its principles to the circumstances under consideration. I had not taken part in this debate previously. I must apologize even to my colleagues on that account. My time has been taken up to a great extent with my correspondence. My great increase in correspondence has been caused by the Minister of Justice because whenever he makes a speech on the Columbia river, I am obliged to write a great many letters to people who protest.

The Chairman: Order. I trust that the hon. member will come back to the bill under discussion.

Mr. Herridge: I accept your ruling, Mr. Chairman. I can see that you readily appreciate the fact that oil and water do not mix.

An hon. Member: A big laughing matter.

Mr. Herridge: Having made that point, I shall continue. As a matter of fact I was going to make only a brief reference to this subject, and I am sure that I would have been quite as much in order as some hon. members have been. However, I accept your ruling.

On this bill to incorporate Aurora Pipe Line Company, may I say this. I have been looking up the dictionary. I was rather fascinated with the word "Aurora". This is the definition of "aurora" given by the dictionary:

> Luminous atmospheric (prob. electrical) phenomenon radiating from earth's northern or southern magnetic pole; dawn; colour of sky at sunrise; Roman goddess of dawn.

And so on.

I can well understand and appreciate why the company was named the Aurora Pipe Line Company. It will glow with gold. Obviously the company is capitalized so that the cost of the pipe line will work out at $3,784 per foot. In fact the press of today mentions that Aurora's golden half-mile is at the heart of the parliamentary debate and they go on to describe the bill.

Then again I notice that certain persons named have by petition prayed that such and such be done. I was rather fascinated. I understand the technical reason for using the word "pray". However, it always seems to be a sort of anomaly to use the word "pray" in connection with the development of oil. I know some people in Alberta who can pray long and loud and at the same time profit from oil, as has happened in other parts of the world.

On one occasion I had a member of the Social Credit party in this house tell me this when we were discussing a prior pipe line bill, and he told me it in all seriousness. I asked him why oil was not discovered in such quantity until such and such a date. He said "I will tell you why. The good Lord wanted to make certain that there was a Social Credit government in power before he let them find it." I think that is an example of having strong convictions as far as your party policy is concerned and as the beneficence of the Almighty with respect to it.

Mr. Woolliams: I rise on a point of order, Mr. Chairman. I think there must be some facsimile of order in the debate. Standing order 34 (2) reads as follows:

> Mr. Spencer or the Chairman, after having called the attention of the house, or of the committee to the conduct of a member who persists in irrelevance,—

Surely what the hon. member is now discussing is something that is not very relevant to the situation.

> ,—or repetition, may direct him to discontinue his speech,—

What he is saying may be funny to the C.C.F., but it is not funny having regard to the development of this country. Surely we should have something that is relevant to the debate in question.

Mr. Herridge: Mr. Chairman, an hon. member has a right to refer to previous debates

on pipe lines and to discussions with members in relation to those pipe lines. I am laying an historical background for my coming remarks and I wish the hon. member would restrain himself and not be impatient because, on the whole, he is a very well-intentioned person.

Mr. Argue: They want to use closure on a pipe line bill.

Mr. Herridge: Before proceeding I must congratulate the hon. member for Vancouver South or, I should say, the handsome, courageous, and independent member for Vancouver South for having the courage to stand up in this House of Commons and say his piece, although it is obviously not popular with the hon. member for Bow River. I notice that when the hon. member for Vancouver South speaks the hon. member for Bow River looks like a bloated toad that is going to burst. Anyway, I congratulate him on having that courage and that independence.

The Chairman: Order. May I indicate to the hon. member for Kootenay West that his last remarks are, in my opinion, out of place. In the second place I must draw his attention to standing order 59 (2) which reads as follows:

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

I appreciate the fact that latitude has been given to hon. members up until now. However, I must say that I feel that no injustice would result from applying the rules from now on. I have noticed that we have heard more or less a repetition of speeches that have already been made.

Mr. Argue: I want to make it perfectly clear, Mr. Chairman, that as far as we are concerned we feel that the discussion in a general way on this first clause has been and is in order. Your Honour has allowed a general debate and has allowed the sponsor of the bill to make general statements and to answer arguments. I would hasten to point that, in my judgment, it would be a grave mistake to rule closure on a broad discussion of this pipe line bill at this stage. I think the memories of some members of this committee go back far enough to give them an understanding of the grave and serious implications that will flow from any such attempt. I say that Your Honour, in my judgment, has acted in a right and proper way in allowing general debate on clause 1 of this bill. That general debate having been precipitated, I do not see how you could contemplate at some particular stage that, by an arbitrary decision, the general debate shall come to an end. I submit that the hon. member for Kootenay West must be given the same kind of latitude in discussing clause 1 as that which has been heretofore afforded to all hon. members in all parties in discussing this bill.

[Mr. Herridge.]

Mr. Churchill: I should like to say this, Mr. Chairman: For the hon. member for Assiniboia to use the word "closure" with regard to a request that the rules be obeyed, is just nonsense. Closure is a motion that prohibits debate after a certain stage. Here there is no prohibition of debate at all. Freedom of speech prevails in this parliament.

Mr. Argue: We shall soon hear what the ruling is.

Mr. Woolliams: May I speak to the point of order? The hon. member for Assiniboia spoke to the point of order and he talked about a wide variety of subjects. However, may I say this? I endeavoured to keep this matter on the rails. That is why they have been criticizing me. I said that all we come to parliament for is to incorporate a company. They are the ones that opened the flood gate; and when they get the gate open, they try to press open further gates. That is the situation we have.

I think that you, as chairman, have been particularly courteous to the group in the corner in allowing those hon. members to open the gates so wide. Surely, it is obvious that they do not want this information. They are filibustering this bill and they have run out of ideas.

Mr. Martin (Timmins): On the point of order, Mr. Chairman, and in particular on the point raised by the house leader, I am one of those members of this committee who, like the hon. member for Kootenay West has not yet had an opportunity to speak on this bill. I do not see any reason why the rules should not apply equally to the hon. members from all political parties of this committee. The hon. members who are now complaining supported a similar bill on another occasion, and we should have the same opportunity to speak on this bill that was afforded them on that occasion.

Mr. Argue: We do not have any second-class members of parliament, or we have not in the past.

The Chairman: I should point out to the committee that the chairman cannot do anything other than enforce the rules. However, in order to be able to do that in an efficient and just manner, it is necessary for the chairman to have the help and co-operation of all hon. members. I think the chairman has been fair to all hon. members of this committee.

I have pointed out to the hon. member for Kootenay West that there are rules against repetition and that the remarks of hon. members in committee of the whole should be strictly relevant to the matter before the committee.

I have indicated before, that in my view discussion on clause 1 of a bill could not be the same as it is on second reading. I expressed the view last year that generally the discussion should be on the method of dealing with the problem as indicated by the manner in which the bill is drafted; that is, the draftsmanship of the bill and the method of dealing with the problem on hand.

On the other hand, I do not think the hon. member for Assiniboia is right in intimating that the application of the rules of the house would be the application of closure. That would infer an intention on the part of the Chair, and I think the remark of the hon. member is a reflection on the Chair.

I have tried to be reasonable. All hon. members realize that if they really have something to say on the bill, they are entitled to say it, but I do not think it is in accordance with the rules of the house to speak just for the sake of speaking. I trust that the hon. member for Kootenay West will bear these considerations in mind. I do not intend to restrict him unnecessarily in view of the fact that the discussion has been very wide, but I count on his co-operation to help the Chair apply the rules of debate which the house has decided should apply.

Mr. Herridge: I am sorry, Mr. Chairman, if I stirred up a hornet's nest. You have mentioned certain words that I used in respect to the hon. member for Bow River. I believe I used the phrase "bloated toad", which perhaps was offensive. I withdraw that phrase at once and replace it with "a toy balloon about to explode".

While this is just a bill to incorporate one company, this group is taking a particular stand because it represents a certain principle. Before going further I wish to quote briefly from the committee report on this matter. I should say it is a very slim committee report, which indicates that the bill certainly did not receive the attention we were led to believe it would when it passed second reading and was sent to the committee. I think that is indicated by the fact that while this discussion has been going on in committee of the whole, the hon. member for Bow River has repeatedly been offering more and more information. He has been dragged out of his hole, as it were, as the debate has continued.

Mr. Woolliams: That is not fair, and you know it.

Mr. Herridge: I must say that last night he made the most informative speech on the question that he has made to date. I would refer to the committee report. This is the minutes of proceedings and evidence of the standing committee on railways, canals and telegraph lines for Tuesday, February 21, 1961. On page 38 I find the following comment by the hon. member for Calgary South.

> Do you not feel, therefore, that you should reserve the right to make a decision on these technical problems? Do you think that you, as a member of parliament, are qualified to pass judgment on this?
>
> Mr. Cathers: I do not think I am qualified to pass on the technical aspects. However, I took an interest in this; I went to the hearings before the Senate, and I was here during the hearings on the Foothills bill. I am not speaking with any expert knowledge, but I say I think it is my right as a member of parliament, when this comes before us, to pass my judgment and to object.

Then the hon. member for Calgary South said:

> You think it is your right, but you have said you do not think you are qualified.
>
> Mr. Cathers: That is right.

Then the hon. member for Bow River said:

> Actually you said you do not like to hand over that jurisdiction; but did you not, as a fact, when you voted for the national energy board, actually hand over that authority to the national energy board?

I quote that passage to indicate the implications behind the remarks that this is a matter that should not seriously concern parliament, that it is to a greater extent the responsibility of the national energy board. As against that point of view I wish to quote briefly from the remarks of the hon. member for Vancouver East. On page 39 the hon. member is reported as having said:

> Mr. Winch: The only matters which come before the national energy board are those authorized by parliament. It would depend on whether or not the company is incorporated. That is what we are discussing now.

I quote that passage to indicate the contrast between the point of view of the hon. members we oppose in this connection and of this group. The hon. member for Vancouver East was reflecting our approach as socialists. This questioning as reported in the minutes of the committee clearly indicates our great concern for the rights, responsibilities and the institution of parliament.

We in this group consider that this bill, in essence, conflicts with stated government policy. In the speech from the throne to the Canadian parliament on November 17, 1960, announcements were made regarding one of the most important subjects dealt with in

a report, to which I intend to refer. I wish to quote from the speech from the throne:

> You will be invited to consider means by which to encourage a greater participation by Canadians in the ownership and control of industry and resources in Canada.

That is one of the main arguments of this group. We say this bill does not give effect to government policy which has been stated. Only one member on the government side emphasized that point of view and supported our point of view. It is very interesting to see the Conservative party split on this issue, and I think it will split wider and wider as we approach election day. However, at least one member agreed with us. The hon. member for Medicine Hat is generally so good-natured that what he said was rather unusual.

Mr. Horner (Jasper-Edson): How did you stand on Northern Pipe Line?

Mr. Herridge: The way I always stand, straight up.

Mr. Horner (Jasper-Edson): What is the difference?

Mr. Herridge: I hope I will not be interrupted for the few minutes longer that I wish to speak. I wish to quote from a report entitled "Policies and Practices of United States Subsidiaries in Canada" issued by the Canadian-American Committee. I may say that this committee is sponsored by the national planning association of the United States and by the private planning association of Canada, and it has been dealing with the very kind of question involving United States capital investment as we are concerned about it in this present bill. The main body of the study deals with major aspects of the behaviour of United States subsidiaries in Canada, including the issue of equity security by subsidiaries; personnel policies; the publication of financial reports and other information; commercial policy; research activities, and contributions to charity and education.

A great deal of information is brought out in this booklet and I am not going to quote from it at any length now, but the report provides a very sound basis for argument in opposition to legislation of the type now before us. I should like to quote from page 10 of this report:

> It has been amply demonstrated that successful modern management usually subordinates the immediate and narrow interest of its stockholders to the long term interest of the corporation. Especially where foreign operations are involved, this often calls for conscious effort to fall in line with the aspirations of the community in which the enterprise operates even if it involves substantial policy changes which are not of apparent immediate advantage to the present corporation as a whole.

Elsewhere, the report states:

> There is also the pressure which comes from the obligation of management to operate its business, wherever located, in the broad interest of its stockholders.

That is what we must expect with regard to the operations of this particular company in the days to come. Further on in this report, the conclusion is reached:

> In certain respects the criticism which some Canadians—including some in high places—make of United States business firms in Canada is unreasonable.

That is fair enough.

> Often it involves sweeping generalizations based on the alleged actions of a few companies. Sometimes it calls for policy changes which it would be unrealistic to expect from any business, whether owned and run by Canadians, Americans, or anyone else.

We are not asking for something which is unrealistic but we are asking that consideration be given to Canadian ownership, Canadian directors, and policies which are in conformity with local and national interests when we are considering the incorporation of these pipe line companies. I should like to put on record one final quotation from page 80 of this booklet:

> That this demand for Canadianization is growing has become apparent during the course of this study. Well informed Canadians see this as taking the form of pressure for legislation affecting such things as foreign equity ownership, Canadianization of directorships, and the publication of financial and other data. Many Canadians, who are accustomed to reform through persuasion and accommodation, look upon the possibility of such legislation with misgiving. In this they reflect the concern of the royal commission on Canada's economic prospects that under some conditions the Canadian reaction to extensive foreign ownership and control "might develop into demands for restrictive or discriminatory action of an extreme kind, the consequences of which would be unfortunate for all concerned."
>
> This report will have served its purpose if, as was said in the opening chapter, it adds greater understanding on the Canadian side of the actual policies and practices, and the reasons for them, of a good cross section of United States controlled companies in Canada, and if on the American side it gives to some parent companies a greater appreciation of the importance to Canadians of their own national aspirations.

We wish to be fair. We do not expect the impossible. We recognize the circumstances under which these companies are financed, controlled and operated. However, we in this group feel there is a principle at stake, and we have to fight for the greater consideration of the national and local interest with regard to the incorporation of this company.

So, in concluding my brief remarks, I wish to say that we oppose this bill because we think it is wrong in principle for the reasons which I and other members of this group have put forward. Another reason is that we believe insufficient study was given in committee to

the proposals in this legislation. That is obvious when one considers the importance of the bill and compares that with the slenderness of the report itself. One has only to bear in mind the repeated additions to the information received from the hon. member for Bow River as the debate has proceeded; as day follows day, another leaf is turned in the hon. member's book of information, and its contents made available to hon. members of this committee. All that information could have been presented to the committee when it was studying this bill. We were given to understand that when the bill had received second reading there would be an exhaustive, extensive and intensive study undertaken in the committee.

The second reason for our opposition to the bill is, thus, because of the fact that inadequate study was given to this question by the committee. Finally, we do not believe that legislation of this type is, in the long run, in the national or the provincial or the local interest.

Mr. Broome: I intend to be brief. I should like to take advantage of the offer made by the hon. member for Bow River when he said, as reported on page 2936 of *Hansard* of March 13:

> If there are any points which any hon. member conscientiously and honestly believes have been left unexplained, will he put the question in a few words, and I for my part, will try to give an answer in a few words?

I have three questions to ask the hon. member for Bow River. First, in regard to the 12,000 public stockholders referred to by Mr. Burgis, how many of those stockholders are Canadians or residents in Canada, and what percentage of the total stock distributed of Hudson's Bay Oil and Gas do they own? Second, of the personnel, the operating management—the entire personnel—of Hudson's Bay Oil and Gas Company, how many aliens are employed in the operation?

The hon. member has already answered the question I put to him with regard to the construction work, although I wonder how the story was so common around Calgary. However, I accept the hon. member's word and the statement made by the company that they intend to use Canadian contractors. Incidentally, I have a great deal of sympathy for the hon. member for Bow River because he is having a rough time. I had a similar experience a couple of years back when I piloted the bill through for the incorporation of the Trans Mountain Oil Pipe Line Company. I fought tooth and nail with hon. members over in the corner, but finally they saw reason and the bill went through. However, it was not until the second year that it did.

My third question is this: is the Hudson's Bay Oil and Gas Company planning to increase the percentage of Canadian participation either through the issuance of treasury stock along the line followed by the Alberta Natural Gas Company or other issues recently made in Canada which have been limited to participation by Canadians, if Canadians wanted to buy? In other words, is this company going to become more Canadian?

Now I want to take exception to a remark made by the hon. member for Assiniboia. As reported on page 2930 of *Hansard* for March 13 the hon. member spoke as follows:

> I would suggest that it is little wonder, because of all the bad features of this bill, that the members of the government party on the committee voted against the motion merely to defer consideration of the bill in the committee so that interested witnesses might have the opportunity to appear.

It is only fair to say that the mover of that motion was the hon. member for Westmorland and the seconder was a member of Her Majesty's Privy Council for Canada, the dean of the house, and they certainly are Conservatives. The person who moved the motion that the committee should recess until a reporter appeared to take evidence was not an alive and alert member of the C.C.F. but the hon. member for the Yukon, although the hon. member for Skeena did second that motion.

I think that hon. members should be fair about this and recognize that the hon. members from Alberta have a problem. I can sympathize with them. The development of the oil and gas industries in Alberta is vital. At this time it has been decided that there are far-reaching national considerations which must be examined in the development of national resources. The purpose is not to stop that development but to give it a pattern. That has been the theme of what I have said in this committee and in the house on second reading.

It is only right and just that the people who come here to assist in the development of national resources should make a profit. The development of our natural resources is a profitable business. It is just and fair that they make their operations good for themselves and for Canada. These are not incompatible statements. This is not Saudi Arabia where the government takes 50 per cent of the royalty, and I believe is now negotiating for 60 per cent or 75 per cent. In Alberta the royalty is 12½ per cent. This royalty is valuable to the people and the government of Alberta. It is a reasonable royalty.

The conditions which have been set out and embodied in the Natural Energy Board Act are reasonable. The thought behind that

act is reasonable. The way the Minister of Northern Affairs and National Resources is handling the development of oil and gas resources in the Arctic is in line with that act, and with the philosophy about which I have been speaking. That philosophy is reflected in the form of certain public bills I have placed on the order paper. There is a coherence and an underlying thread all the way through that we shall not discriminate against foreign capital but shall welcome it, provided it works in partnership with Canadian capital.

In closing my remarks at this stage let me say this to my hon. friends from Alberta. Seventy or eighty thousand United States citizens may run the gas and oil industry in Alberta, but I suggest that Alberta is growing to the point where Albertans can operate many of these enterprises and surely the people of Canada can now participate in every phase of these operations.

Let us have a little bit of sense and reason in this debate. Let us take out the wild statements, such as those made by the hon. member for Assiniboia and those made by the hon. member for Kootenay West when he spoke about the Conservative split. There is no split in the Conservative party. The policy of our party has not changed.

We are discussing a private bill. All hon. members have the right to say what they think in this respect, but I do not think any hon. member or any group has the right to hold up passage of a bill. Hon. members have the right to dissent, but not to obstruct. We can make our positions known when the time comes for the taking of a vote.

Mr. Brunsden: When will that be?

Mr. Broome: I trust I shall not be the only hon. member on this side of the committee who will vote against this bill on third reading, but that is my intention unless the hon. member for Bow River can satisfy me in respect of the three questions I have put to him. This is my last word in this debate at the committee stage.

Mr. Martin (Timmins): Mr. Chairman, perhaps if the hon. member for Bow River cares to answer the questions put to him by the hon. member for Vancouver South my remarks might be somewhat curtailed.

Mr. Brunsden: That would be a good thing.

Mr. Martin (Timmins): In view of the fact that the hon. member does not care to answer or has no answers to the questions posed by the hon. member for Vancouver South I have no choice but to proceed with my—

An hon. Member: Filibuster?

Mr. Martin (Timmins): —remarks in the ordinary course. I have listened carefully to the debate and followed it closely in *Hansard*. I must admit my knowledge of the oil and gas industry is not too wide and that is why I listened with such interest to the discussion.

I am interested in this bill and in bills of this nature. My riding is, as it were, at the other end of the oil industry and my area, along with others, has supplied the gold with which this pipe line is apparently going to be plated.

This bill represents another in that series of sorry events that have occurred relating to the development of our natural resources. History shows that in the main it has been a question of development of those resources by quick-buck artists. What makes the present bill even more odious is the fact that the quick-buck artists involved are not even of the home-grown variety.

The hon. member for Timiskaming referred last evening to the decline and virtual disappearance of the white pine industry. This came about because of the methods employed by the quick buck artists in the development of our resources. Another recent example is found in the uranium industry. Under a five-year contract the Rio Tinto company took out $93 million net, and those who got it in the neck were individuals who were unfortunate enough to have purchased homes in the area of that industry.

This quick-buck artistry has never been better illustrated than in the development of our oil industry. A most glaring example was the trans-Canada pipe line fiasco of a couple of years ago which resulted in bringing the Liberal government crashing down to earth. Another example recently exposed was that of a western oil company which proceeded to dispose of its products in the United States at prices cheaper than those which were charged Canadian consumers along the route of the pipe line. Gas and oil should be available at cheap prices to Canadian but people have had to sell their homes because they could not keep up with the high cost of this great natural resource when used as fuel.

Because of this type of development, the benefit of this resource has been denied to our people. The costs of promotion have to be paid by someone and it is the consumer who pays. It may be that the costs are extended over so long a period that you will not have a chance in your lifetime to pay them, but will pass them on to your children and theirs. These paper profits are not supposed to hurt anyone but they do hurt the consumer and are built-in over a long period of time.

There have been interesting developments in this debate. The Liberals have been consistent in the position they took in 1956 of selling out Canadian interests to the United

States. I do not know if one should congratulate them for their consistency. Apparently they are prepared to follow the same consistent line in their approach to this pipe line company. We also see that the hon. member for Vancouver South was consistent with Conservative policy back in 1956, which was that quick-buck artistry is not too bad provided it is Canadian or, at least, if we are to have some quick-buck artistry it should be confined to Canadians. We should not sell out to United States interests.

I should like to congratulate the hon. member for Vancouver South on his courage and forthrightness. His stand is consistent with what he believes to be the present Tory policy. An illustration of this is found in the excellent words which the hon. member used the other night, as reported at page 2680 of *Hansard*:

> The only thing for which this government has stood . . . is that Canadians can compete on equal terms with capital coming into this country from other sources.

Unfortunately, apparently this stand, which had been expounded so well by the hon. member for Vancouver South is not shared in this instance by the hon. member for Bow River, and certainly, at least during this debate, not by the two hornets from Acadia and Jasper-Edson. Furthermore, Mr. Chairman, I do not really believe the three hon. members have given a good reason for their stand, unless they are trying to do something which is going to benefit their particular ridings regardless of whether it is in the interests of the province as a whole. Certainly they seem to be disregarding the interests of Canadians as a whole.

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

Mr. Martin (Timmins): Yes.

Mr. Woolliams: The hon. member spoke about benefiting a particular riding. I would ask him if Pincher Creek is in the riding of Bow River? From my knowledge of Alberta and western Canada, Pincher Creek is strictly within the riding of Macleod and has nothing to do with the riding of Bow River.

Mr. Martin (Timmins): Mr. Chairman, possibly I did misrepresent the hon. member. If that was not the reason, then unfortunately there is another reason that I can see. We understand that the hon. member, contrary to Conservative policy past or present, appears to be acting in line with Social Credit policy during the pipe line debate of 1956.

Mr. Brunsden: On a point of order, Mr. Chairman—

Mr. Argue: Our new Beauchesne.

Mr. Brunsden: Well, you need one. The hon. member for Timmins is attempting to develop a political case for the export of gas and oil, and he has cast some aspersions on the Alberta members. He has tried to talk about uranium, about which he knows very little, apparently; I have not seen him in the research committee.

Mr. Argue: There is no point of order.

Mr. Brunsden: Yes, there is. The point is simply that this debate is supposed to be about a bill having to do with a pipe line, not about Social Credit or the C.C.F. in Alberta, not about the personal views of Alberta members on a selfish basis. It was intimated a moment ago that we came from Alberta. We do, and we are proud of it and we are just as good Canadians as those who come from Ontario.

Mr. Martin (Timmins): Mr. Chairman, certainly I do not think there is any accusation against an hon. member for saying that he is trying to do something for his particular riding. It may not be in the interests of the country as a whole, but I certainly do not think it is any reflection on any hon. member to say that he is trying to promote the interests of his own riding. I definitely try to promote the interests of my riding.

Mr. Brunsden: You are doing a damn poor job, then.

Mr. Peters: I do not think anybody is going to worry about your judgment on this matter or on any other matter.

Mr. Argue: He is out of order again.

Mr. Martin (Timmins): If the hon. member thinks I am doing a bad job, I should like to invite him to debate that question in my riding.

Mr. Argue: He will probably take it out of *Hansard.*

The Chairman: Order.

Mr. Martin (Timmins): There is another point I should like to illustrate; I think it is very important in so far as this particular bill is concerned. I should like to refer to the words of the Minister of Agriculture, formerly minister of northern affairs and national resources. I think the best illustration I can give is to quote just a few extracts from a speech made by the Minister of Agriculture in committee of supply when the estimates of the Department of Northern Affairs and National Resources were under discussion. His remarks were related to conservation and the development of our natural

resources. They certainly are apropos of this particular bill. This is what the minister had to say:

—we are the nation on the northern half of this continent and we want to make certain that the interests, not only of the present generation, are protected, but that the interests of generations unborn will also be preserved.

I should like to ask the hon. member for Bow River whether a bill of this kind, when practically all the control of the company is outside of our country, can be construed as applying to the policy expressed by the Minister of Agriculture?

Mr. Smallwood: Will the hon. member permit a question? On this matter of outside control, I think it would be of interest to the committee, since the members of the C.C.F. party are filibustering this bill, if the hon. member would tell us what percentage of United States capital is invested in the exploitation of gas and oil in Saskatchewan?

Mr. Martin (Timmins): I would love to debate that particular issue with the hon. member at some time but I do not think we can do so now.

Mr. Smallwood: I should like to inform the hon. member that over 75 per cent is United States capital. If the hon. member continues to filibuster this bill I do not see how we can waste our time listening to him.

Mr. Argue: Wrong again.

Progress reported.

Mr. Deputy Speaker: The house will now revert to the business which was interrupted at five o'clock.

COASTAL FISHERIES PROTECTION ACT

REVISION OF DEFINITION OF CANADIAN FISHING VESSEL

The house resumed consideration in committee of Bill No. C-57, to amend the Coastal Fisheries Protection Act.—Mr. MacLean (Queens)—Mr. Flynn in the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

On clause 1—*"Canadian fishing vessel"*.

Mr. Peters: Mr. Chairman, before the business of the house was interrupted at five o'clock the hon. member for Skeena (Mr. Howard) proposed an amendment and the Minister of Fisheries (Mr. MacLean) offered an alternative. The member for Skeena was not feeling well and was not sure he would be in attendance this evening. He asked me on his behalf, to withdraw his amendment. He was of the opinion that the amendment proposed by the minister would be satisfactory.

The Chairman: Has the hon. member leave to withdraw the amendment?

Some hon. Members: Agreed.

Amendment withdrawn.

Mr. MacLean (Queens): We had a useful discussion regarding this matter before five o'clock. I will ask my colleague, the Solicitor General, to move the following amendment:

That clause 1 be amended by striking out in line 11 the words "an individual resident" and substituting therefor the words "a person resident and domiciled".

Mr. Browne (St. John's West): Mr. Chairman, I so move.

Amendment agreed to.

Clause as amended agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read a third time, now?

An hon. Member: By leave.

Mr. MacLean (Queens) moved the third reading of the bill.

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

AGRICULTURE

FARM MACHINERY PRICES—CONTINUATION OF INQUIRY BY STANDING COMMITTEE

Hon. Gordon Churchill (for the Minister of Agriculture) moved:

That the standing committee on agriculture and colonization be empowered to continue its inquiry into the question of prices of farm machinery as recommended by the said committee in its fourth report presented to the house July 28, 1960, and that the committee's minutes of proceedings and evidence with regard to this inquiry at the last session be referred to the said committee.

Mr. W. H. Jorgenson (Parliamentary Secretary to the Minister of Agriculture): I am sure that all hon. members are aware of the widespread interest in this question of farm machinery prices. No member representing a rural constituency could possibly avoid hearing the discussion of this subject. Farmers realize the necessity of keeping production costs down to a minimum in order to compete not only in the export market but in their own domestic market, and have expressed their concern regarding the rise in the price of farm machinery since 1955. The increase in production efficiency on the part of farmers is invariably lost because of the high cost of farm machinery.

On Monday, June 6, 1960, the house ordered that the standing committee on agriculture and colonization be empowered to inquire into the prices of farm machinery and to report to the house thereon. The committee held three open meetings and the persons appearing before the committee at the last session were as follows: Mr. A. D. Holmes, Director, Prices Division, Dominion Bureau of Statistics; Mr. R. A. Stutt and Mr. G. Haase, Department of Agriculture; Messrs. D. W. McGill, Director, and J. J. A. Lefebvre, Machinery Section Head, Appraisers Branch, Department of National Revenue; and Mr. J. T. Wimble of the Appraisers Branch, National Revenue and Mr. W. Kalbfleisch, Chief of the Engineering Research Service, Department of Agriculture.

The chairman gave the following report to the house on Thursday, July 28, which reads as follows:

> Your committee has noted the wide-spread interest in the subject of farm machinery prices.
>
> Your committee held four meetings on this order of reference. It heard representatives from the dominion bureau of statistics on farm machinery prices; from the Department of National Revenue on farm machinery tariffs; from the engineering research service of the Department of Agriculture on the different types of farm machinery.
>
> Your committee has found that interested persons or organizations would like more time to prepare presentations.
>
> Your committee recommends:
>
> 1. That the subject of farm machinery prices be referred to it as soon as possible after the opening of the next session of parliament.
>
> 2. That the ministers of the different government departments concerned, instruct their officers to offer every assistance to the persons designated by the committee to procure and compile all available facts regarding farm machinery prices.

During the recess a summary of statistics relative to the inquiry into the price of farm machinery, under the direction of Mr. Gordon Haase of the economics division of the Department of Agriculture, has been prepared. Copies of this report will be made available to the members of the committee both in English and in French as soon as possible, when the committee is prepared to resume its investigation.

No one at this time is prepared to say just where the responsibility lies for the price increase. It is to be hoped that during committee sessions an investigation in this regard will take place following which recommendations will be made as to how to minimize the present increase and prevent any further increase.

I do not think it is necessary for me to indicate the nature of the inquiry which should take place, but I am sure that the committee will investigate that which they may deem necessary, whether it be in the manufacturing, distribution or retail field.

I might also add that the interest in all phases of the industry has been shown by the people concerned. It is expected that their views will be heard, in addition to the representations by labour and agriculture. I hope that this motion will be passed today and that the committee will be able to resume its inquiry at the earliest possible opportunity.

(Translation):

Mr. Jean-Paul Racine (Beauce): Mr. Speaker, we welcome the statement just made by the parliamentary secretary to the Minister of Agriculture (Mr. Jorgenson). I want to assure him that we welcome this opportunity of looking again into this matter, because we believe that this study is necessary on account of the questions that are being asked by many farmers and all those concerned with every aspect of agriculture.

It is the utmost importance, in our opinion, that the committee be once more authorized to continue its inquiry into the question of farm machinery prices; besides, the committee included such a recommendation in its fourth report to the house.

I shall speak very briefly tonight because I do not want to anticipate the results of the inquiry that will be conducted by the committee on agriculture and colonization.

This is not the first time, however, that we have been hearing about this committee and I should like to refer to the statement made by the former minister of agriculture on June 6, 1960, as reported on page 4571 of *Hansard*:

> Mr. Speaker, during the past 10 years, the most frequently heard general complaint on the part of farmers has been over the cost price squeeze. This arises from the fact that during this period the prices received by farmers for their products either have not increased or have not increased in anything like the proportion of the increase in cost of the goods and services farmers have to purchase.

Nothing could be more to the point, Mr. Speaker, and if we refer to D.B.S. figures, for instance, we note that the price index of goods and services purchased by farmers reached 255.9 in 1957; 259.9 in 1958; 269.5 in 1959; 274.4 in 1960. Therefore, from 1957 to the end of 1960, we note a 14.5 increase in the price index of goods and services purchased by farmers.

If, on the other hand, we refer to the same statistics, we find that the retail price index of farm products for 1956, was 234.6 and that it was 234.7 for the first 11 months of 1960.

So, in four years, from 1956 to 1960, the percentage increase of the retail price of farm products was only 0.01.

This inquiry is a must, no doubt, and we, in the committee will give it all our attention but that does not seem to be the main cause of the cost-price squeeze. There may be deeper causes that could warrant a more objective investigation. For instance, what about the farm product marketing organization in this country? Nothing has been done in that field, although our economists have been discussing the problem and have recommended a study of marketing methods by a research committee.

After the then minister of agriculture, on June 6, 1960, had instructed the committee on agriculture and colonization to inquire into farm machinery prices, we hoped that the committee would get to work immediately. But it was not until July 12 next that the first meeting was held. It was followed by three more, on July 19, 26 and 27, 1960. At those meetings, evidence was heard from officers of the departments of agriculture and national revenue, and also from the dominion bureau of statistics. And it was only at the last meeting that we were given questionnaires.

And I think that all the members of the committee had copies distributed to the farmers in their ridings in order to find out what they thought of this price margin on farm machinery.

In 1960, that is during the last session, the committee on agriculture and colonization had this to say in its fourth report:

(Text):

Your committee has found that interested persons or organizations would like more time to prepare presentations.

Your committee recommends:

1. That the subject of farm machinery prices be referred to it as soon as possible after the opening of the next session of parliament.

(Translation):

Who is to blame, Mr. Speaker, we do not know or perhaps we do know it only too well. Still, certain questions remain unanswered in our minds. We wonder what caused the Minister of Agriculture and the government to delay for four months this year the opening of the inquiry by the committee on agriculture and colonization. Even if we blamed the committee for not having met more often last year to consider this matter, I think we must once more blame the government and in stronger terms for this year's four months delay.

Does the government feel that this matter is not important? Does it think that the situation which the farmer must face, as far as the purpose of this inquiry is concerned, is not important? We do not know. And I would not like to put words in the mouth of the minister. However, we cannot help wondering whether the delay suffered in this matter is not deliberate.

We are really wondering whether the new Minister of Agriculture considers what the situation will be at the time of the next general election when the farmers will remind him that the price spread still exists.

The minister might then tell the farmers that his government has foreseen this development and that an inquiry is in progress. Unfortunately, since this government came to power, we have too often seen similar electoral tactics whose only aim is to create a smokescreen to cover the true situation.

However, we on this side do wish that the committee on agriculture and colonization will make haste in order that a report may be submitted to the house before the end of the present session. That is what we hope for and, therefore, we wish the committee to be called as soon as possible.

In closing, I should like to tell the Minister of Agriculture, or, in the circumstances, his parliamentary secretary, that if it so happens that the committee is unable to examine fully this whole question this year, we on this side of the house would suggest that a commission be established to complete the inquiry.

May I repeat that the announcement by the parliamentary secretary of the establishment of this committee is most welcome. We on this side of the house who are members of the committee on agriculture and colonization assure him that we will fully co-operate in order to inform not only the house but in particular our farmers who will know at last what to believe in this matter.

(Text):

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the whole question of prices of agricultural machinery is an exceedingly important one as far as some 600,000 farm families in Canada are concerned. There is probably no item going into the farmer's cost of production that is larger, more necessary or causes him greater concern than the cost of agricultural equipment.

Farmers have faced many grave problems since the end of the war. One has been a failure to obtain markets for agricultural production. Another has been a failure to obtain relatively good prices for agricultural commodities, and a third and very important one has been the almost astronomical increase in the price of agricultural machinery.

According to the statistics which are available prices of agricultural machinery have increased by almost two and a half times since the beginning of world war II. Farm cash income since the end of the war has remained relatively stable, with a small percentage increase over that period of time. In the farmers' view agricultural machinery is a fixed cost over which he has no control, and it is a burden that is resting very heavily on the agricultural industry.

There is a move for expansion and consolidation of farms in Canada and there is tremendous pressure to force farm populations off the farms. I do not think any item has contributed more to the depopulation of agricultural areas than the impossible burden of agricultural machinery prices for most farmers. Since this is such an important matter one would have thought the government would have taken early action to do something about it.

We are dealing with this matter on March 14. It was first raised in the House of Commons on June 6, 1960, and a report was made to parliament by the agricultural committee on July 28, 1960. This report recommended that the subject of farm machinery prices be referred to that committee as soon as possible after the opening of the next session of parliament.

The Minister of Agriculture (Mr. Hamilton) has failed to carry out the recommendation of the committee. He has failed to bring this motion before the house at an early date in the session. Parliament opened on November 17. It is almost four months since this session began. It has taken the government four months to get this resolution on the order paper, even in the face of a recommendation from the agricultural committee that the question of farm machinery prices be referred to it as soon as possible after the opening of the next session of parliament.

I suggest that the government, by its procrastination and delay has been blocking its own inquiry and has been making it more difficult for the committee to bring forward recommendations at an early date. I suggest that the government, by these delaying tactics, has shown that its well-known promises to bring about a balance between prices of agricultural products and the cost of agricultural machinery have gone by the board and have been repudiated. I suggest that this committee may well provide a great deal of window-dressing and very little action.

The question of agricultural machinery prices is of tremendous importance because according to dominion bureau of statistics figures farmers spent just under $55 million on farm implements in 1944 and $251 million in 1959. That is an increase of five times in the amount of money spent on agricultural machinery. Yet in the face of this tremendous problem and the urgency to do something about it the government has long delayed bringing forward this important motion.

I think there are many items which should be brought before the committee. I think we should bring witnesses before the committee from the main agricultural implement companies in this country. We should ask them to appear before the committee and explain, if they can, why they have done such a poor job in maintaining reasonable prices for agricultural machinery. This spells a difficult problem for Canada because most of the farm implement companies have their head offices located outside our country. It is a question of whether or not we can get witnesses from the majority of these companies—I hope we can, but it does present a problem—since their head offices are located outside this country.

A few years ago the legislature of Saskatchewan undertook an inquiry into the farm implement industry. The inquiry was held in 1952, I believe, and it was a rather exhaustive one. Witnesses from the various agricultural implement companies were asked to come before the committee. The farm implement companies, with the exception of Canadian Co-operative Implements Limited, boycotted the committee, refused to appear and therefore made the work of the committee very difficult.

I trust we will exercise our authority where possible, and our influence where our authority does not extend, to have the representatives of the main agricultural implement companies in Canada appear before our committee. I think we should have representatives from Canadian Co-operative Implements Limited, the Massey-Harris Company, which in substantial part is a Canadian company, and from Cockshutt Farm Equipment Limited, which is also a Canadian company. We should also request the attendance of witnesses from companies situated in the United States. I refer to such companies as the John Deere Company, the International Harvester Company, the Minneapolis Moline Company, the Case Company, the Oliver Company, and any others we think should appear before the committee.

There are a number of questions we should ask them. I think we should ask them why we have such a conglomeration of models with modifications in agricultural machinery. I think the farm implement industry is getting almost in the position of the automobile industry. Through an excessive advertising campaign the implement companies have been trying to sell streamlined tractors with special

gadgets. They are following the plans of the automobile companies in this regard, not with the objective of making durable implements that will last for a long period of time, but to bring forward farm implements that fall into the category of having been produced and distributed on the basis of planned obsolescence. Then within a few years, by large scale promotion they hope to again sell these implements to agricultural producers.

In addition to planned obsolescence, there is the question of the power content of many farm implements. I think the companies are promoting power in agricultural implements in exactly the same way as automobile companies have been promoting power in automobiles. I think there is a rather important question as to whether or not they have overdone the feature of power with, of course, a very large increase in cost.

I think there is another important question which the committee should study in its inquiry. I refer to the question of providing spare parts for repairing agricultural implements. It seems to me that farm implement companies do not keep on hand a stock of spare parts for a sufficient number of years. After a few years it is difficult to obtain parts for the implements that have been sold, and farmers must travel 50, 75 or 100 miles or more to a large centre in the hope that they can get repairs made. Even in my part of the country, if they travel to Regina they may be told: we shall have to send to Winnipeg, or we shall have to send to the factory. I think the companies have done a very poor job, a very inadequate job, with regard to providing a complete stock of spare parts likely to be required for their machines over the probable life of the farm implements. I think this is a question into which the committee should make a full inquiry.

I do not know why the government has set up the committee or why they are proposing this motion. They say—the parliamentary secretary has said—it is an endeavour to prevent farm implements costing more or, even better, that it is an endeavour to reduce the price of farm implements. These are certainly laudable objectives. But every time one asks the government to do something about the way in which the great corporations of this country are operated, every time you ask them to plan production or to control prices, what does the government say? It says: we cannot touch free enterprise; it is beyond our control and beyond our jurisdiction. So I would be anxious to learn from the parliamentary secretary just in what way this government feels it can exercise any control over the farm implement companies of this country. I suggest that the government has abandoned responsibility with regard to the operation of these companies, because the Prime Minister (Mr. Diefenbaker) has told us very often that the government has no authority over private business and its operations. When we ask in this house whether or not, for example, General Motors is going to close down a plant in Windsor, the answer is: we have no control; it is beyond our jurisdiction. Very often the government will not even go as far as to make inquiries. If the government takes the attitude that it has no control over the auto industry, how does it expect to bring about the laudable objectives mentioned in connection with this particular committee?

There is the question of price spread, the difference between manufacturing costs and retail cost. There is the great problem of the price spread in the food industry. We had a royal commission set up under this government which brought in a report, but instead of price spreads being narrowed they continued to increase. One can only wonder whether there is a conscientious endeavour on the part of this government to bring about some revision in farm implement prices or whether this is just another case of window dressing, a case of holding a talk-fest and doing nothing about the problem. We have, I think, in Canada an oportunity to do something about farm implement prices because, unlike certain other countries we do have a native farm implement industry. We have the Massey-Harris Company, the Cockshutt Company and Canadian Co-Operative Implements Limited. I suggest that this committee should consider the financial support and encouragement of the co-operative production of farm implements and there should be a full inquiry as to whether we should use to a much greater extent the facilities of Co-Operative Implements Limited so as to bring about a reduction in prices. I think we should consider the possibility of public ownership in the field of farm implements.

Mr. Speaker: I think the hon. member is straying a little far afield. The subject matter to be referred to the committee is the only relevant subject matter for debate.

Mr. Argue: I am pointing out some of the problems in the farm implement industry, some of the things into which I think inquiry should be made. I think the whole question of the kind of production we should have in the farm implement field is certainly an area into which the committee should make inquiry.

There is another area in which I think the committee should make inquiry. I would ask the parliamentary secretary if it is the intention that the inquiry should proceed along these lines, namely, an investigation into the costs of the various components

which make up the prices of farm implements such as the cost of salaries, wages, overhead, profits and materials. I should like to see appearing before this committee not only experts from the farm implement industry but experts from labour and management to put before the committee information as to the various component costs going into the price of farm implements.

I have in my hand a survey which has been made relating to these costs. This survey is contained in a publication put out by the farm-labour co-ordinating council, which is a body composed of representatives of labour, the Canadian Labour Congress and its affiliated unions, and representatives of the farm unions of Canada. This body found that, comparing 1957 costs with 1945 costs, there has been an increase of 8 per cent in the cost of salaries, an increase of 7.5 per cent in overhead and profits, a reduction in the cost of fuel and electricity by .4 per cent, an increase in the costs of material by 3.1 per cent and a reduction in the cost of labour amounting to 11 per cent. In 1957, wages accounted for 22.9 per cent of the final price of farm implements as compared with 33.9 per cent in 1945.

The bogey has been raised that the higher prices of farm machinery can be attributed to higher labour costs. Let us find out if this accusation can be substantiated. According to this source of information, that is not the case. Increased efficiency and automation have resulted in the reduction of the percentage of cost attributable to labour, and there has been a substantial increase in such things as overhead, profits, salaries and materials.

We trust that the committee will do something about reducing farm implement prices and that it will not be just another talk-fest, another inquiry bringing in another report to gather dust while farm machinery prices continue to rise.

Mr. Speakman: Is the hon. member not a member of that committee himself?

Mr. Horner (Acadia): His attendance record is not good.

Mr. Argue: I have been a member of the committee during part or most of this year. I can tell the hon. member something that I imagine he knows to be correct: It is difficult for me to carry out to the full all these obligations. The Leader of the Opposition (Mr. Pearson) sits on very few committees because he finds it is impossible to attend. This is a difficult job. I hope to be able to attend the meetings. I shall certainly have some ideas to present to the committee, and I hope I shall get co-operation from hon. members opposite in presenting those ideas.

Mr. Laurence E. Kindt (Macleod): Mr. Speaker, we have just listened to a speech from the hon. member for Assiniboia (Mr. Argue) which we have heard on many other occasions; in fact, so often that one could almost predict what words were to follow. It was like listening to a record to which one has grown accustomed. The only unfortunate thing was that the hon. member did not even take the trouble to change the needle. The record was worn out and very scratchy, but still he dragged it out and played it for us. The hon. gentleman did his best. We are all aware that he sought to get publicity among the western farmers, and so he blazed away.

I think we should set the record straight. There has been a delay in getting this price investigation study started. However, I remind the hon. member for Assiniboia, who is a member of the committee on agriculture and colonization, that the delay in large part has been due to the death of the former chairman of the committee, Mr. Hayden Stanton. All matters relating to this committee and the continuation of the study were consequently thrown into an upheaval, and had to be straightened out. The organization of the work had to be commenced almost from scratch.

Did the hon. gentleman take cognizance of that fact in his remarks? No, he simply rose in his place and blamed the government and blazed away in an attempt to achieve publicity among the western farmers.

Mr. Peters: Mr. Speaker, would the hon. member permit a question.

Mr. Kindt: I shall be glad to answer any question which the hon. member wishes to raise after I have finished my remarks. Let hon. gentlemen in that corner be quiet and take their medicine.

Neither hon. members of the house from agricultural constituencies nor the farmers of western Canada have to be told by the hon. member for Assiniboia that farm costs are one of the most important problems facing the agricultural economy. It is a well-known fact that the price of farm machinery weighs heavily on western Canadian farmers.

The net income position of farmers is determined by two factors, costs on the one hand and prices for commodities on the other. These two factors operate like the two blades of a pair of scissors, and one cannot tell which is doing the most cutting in so far as net income is concerned.

At this time the government is embarking on a study relating to the cost side of the picture. Through the work of this committee the government is seeking to assess the problems relative to the costs of machinery as

they affect the agricultural producers of western Canada. Economists have been working on many aspects of the problem for the past six months and I understand a wealth of material has been prepared relative thereto. It is also my understanding that representatives of the farm machinery companies and others will be called before the committee to give evidence. Therefore I say that the work that is about to be undertaken by this standing committee should lead to results and produce information which the farmers of western Canada are eagerly awaiting.

I, too, feel a little disturbed about the fact that the committee did not proceed sooner. At the same time, I realized that the delay was in large part due to the death of the hon. gentleman who served as chairman of the committee. Mr. Stanton put a tremendous effort into the work of the committee. He laid the groundwork for this price study and engaged in extensive correspondence in connection therewith. Had Mr. Stanton lived and continued in good health, I am sure this committee would have been functioning months ago.

In all fairness to the government, it should be said that the work that is about to be undertaken by the standing committee deserves the support and assistance of all hon. members of the house.

(Translation):

Mr. Augustin Brassard (Lapointe): Mr. Speaker, I am sure that all the members of the house will agree with the parliamentary secretary and the Minister of Agriculture (Mr. Hamilton) that the motion before us tonight is a very good one indeed.

Many members have already spoken here on the price spread between the cost of farm implements and their sales price. Farmers in my area had brought up the matter and I raised the matter in the house last year.

The leader of the C.C.F. party said a moment ago that over 600,000 Canadian families are involved here. The cost of farm production has obviously been an important factor in farm desertion not only in Canada, not only in the other nine Canadian provinces should I say, but also in the province of Quebec.

The government was therefore will advised to request the committee on agriculture and colonization to investigate the reasons for such a price spread. Above all, I hope the committee will make useful recommendations for the government to implement in due course.

[Mr. Kindt.]

Last year, during the debate on the estimates of the Department of Agriculture, more precisely on May 6, 1960, on behalf of many people who had brought the matter to my attention, I asked the government to create a royal commission to study this price spread. Exactly a month later, on June 6, the minister announced that the committee would deal with that situation.

I am prepared to congratulate the committee if it is in a position to accomplish as useful a task as would a royal commission. However I question this, not because of inability on the part of any members of the committee, but mainly because the standing committee on agriculture and colonization has many other subjects to consider and to look fully into.

It seems to me that, had a royal commission been appointed for the sole purpose of dealing with this particular matter, the government would have benefitted from very specific recommendations on the causes of this price spread and on the ways and means to prevent another increase and especially, on the ways and means to reduce the cost-price squeeze.

I fully agree with the member for Assiniboia (Mr. Argue) that the committee should summon representatives of large manufacturers of farm machinery in this country. So far the committee has taken evidence only from officials of certain government departments.

I hope it will not be long before representatives of those large industries are summoned to answer certain questions put by the committee.

However, that is all the admiration I have for the solutions suggested or promoted by the hon. member for Assiniboia.

My hon. colleague even suggested that the government nationalize the large concerns selling farm machinery in Canada. Although I am very definitely in favour of private enterprise, I also believe that the government must intervene where private enterprise is detrimental to some sectors of our economy. But between that and nationalizing it, there is quite a margin.

I no longer believe in paradise on earth, Mr. Speaker, nor in incarnate purity in human beings. What distinguishes us is not purity, but veraying degrees of impurity.

People try to have us believe that those new messiahs and prophets will put an end to human misery. I would only ask the government to see to it that the committee

gather useful information, in order to abolish that spread between the production cost and selling price of farm machinery.

No need to go any further than the information gathered by the Stewart commission on price spreads for agricultural products, where it was shown that, in certain cases, two or three large companies in this country were making net profits of up to 33⅓ per cent, after operation costs and taxes. I think there is an abuse there on the part of private enterprise. I do not want to have private enterprise eliminated, when it does its duty for the greater welfare of this country, but I do want the government to intervene and put a stop to such abuses.

I trust that the standing committee on agriculture and colonization will stand up to its responsibilities, as the other committees of the house do, and I more particularly wish to see some concrete proposals made to this government which would contribute to eliminate that spread which is conducive to the desertion of the land.

If it is impossible to gather all the information needed to put a stop to such conditions, I hope that the Minister of Agriculture will see to it that a royal commission is appointed without delay in which will be vested all necessary powers enabling it to draw conclusions which will help the government introduce legislation to put an end to such state of affairs in this country.

(Text):

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to speak for a few moments in support of this motion to set up a committee to study the cost of agricultural machinery. You know, Mr. Speaker, I represent a different generation of farmers from those represented by the hon. member for Assiniboia. I represent a generation that lived under different conditions and experienced circumstances that he never experienced. I also represent a different type of farmer. Circumstances have changed a great deal in 55 years, Mr. Speaker.

I am reminded of the great change of circumstances when I think of the day we first stepped off a river steamer on a beach facing a mountain forest. I think of all the machinery we had. We first had to put off the steamer our settlers' effects which were on the bow of the steamer. First was my father's silk top hat in a leather case, and the second group of articles included an axe, a cross-cut saw, a shovel, a grubhoe and a crowbar. I shall never forget my father turning to my mother, pointing to the top hat and saying, "Charlotte, behold the symbol of the leisured past", and then pointing to this assembled group of pioneer farm machinery, all our machinery at that time, and saying, "Behold, the symbol of the damned uncertain future".

After listening to the hon. member for Assiniboia tonight I must say it seems to me that the price of farm machinery is still the symbol of the damned uncertain future so far as our farmers are concerned, anyway.

There have been great changes from when I was a boy. I said I represent a different type of farmer. I represent farmers who at one time did most of their work by hand. Some of them had one horse and some had two. When you had two horses you were wealthy. They cut their roots for the cattle with an axe or spade and cut their hay with a scythe. I mention these things to indicate the tremendous changes that have taken place when we hear about the cost of the gigantic prairie machines.

I represent farmers who have, relatively speaking in relation to prairie farmers, small holdings; some stock farmers, those with the larger holdings, some poultry farmers, dairy farmers, a good many fruit farmers and some mink farmers. They use a different type of machinery. To some extent they have tractors, spraying machines and all the things required to do this different type of work, different types of machines because of the nature of the terrain and type of farming.

No doubt, the cost of machinery has become an increasing problem, and possibly more so than on the larger acreages where the capital invested in machinery is usually smaller in proportion to the capital invested in land and buildings.

However, I was at a farmer's place in my constituency just before I came down to Ottawa. He was a friend of mine. I asked him what was the cost of the machinery he had on his farm. It was all paid for. He was not a man to buy on time at all. He had $40,000 worth of machinery on his small farm. In those circumstances such a thing would have been unheard of 25 or 30 years ago. Therefore, it is a serious problem; machinery is a serious cost factor with respect to the operations of all types of farming. I am very pleased to see this question is going to be given consideration by the committee. I do hope that the farm organizations will be heard, and representatives of the machinery companies and of labour organizations, so that the committee will get as complete a picture as possible. Because of the, shall I say, multitude of designs and types which, as the hon. member for Assiniboia mentioned increases unnecessarily the cost of farm machinery, I suggest that possibly the committee should hear from agricultural engineers, or persons connected with the design of farm machinery, to get their

ideas and see whether they could make some recommendation with respect to standardizing the design of various types of agricultural machinery that are required today.

Another thing the committee should go into is the question of distribution, the location of agencies, the cost of distribution, which I think in some cases is excessive because of the duplication of agents. That could be reduced possibly by some, shall I say, more scientific form of distribution, more scientific system of agencies and arrangements for the sale of farm machinery.

Having said that, Mr. Speaker, I wish to suggest that in the country in which I live there are a good many farmers, fruit farmers for instance, who make quite a substantial portion of their living off small fruit holdings, peach growing, cherry growing, apple growing, plum growing, pear growing, and such small fruits. I see the Minister of National Defence (Mr. Harkness) looking at me. He knows the sort of people about whom I am speaking. In addition they undertake part-time logging and, in some cases, small sawmill operations, practising a combination of agriculture and forestry. With respect to the people in my district, I suggest—

Mr. Harkness: A very pleasant life.

Mr. Herridge: A very pleasant life under the most scenic circumstances in Canada; but I suggest the committee would be well advised to give consideration to the cost of small logging equipment and related machinery. There is a tremendous duplication in that respect. I have some experience in this connection. I know the difficulty that the small farmer has with respect to the cost of these machines and the duplication of design. On that account, sometimes there is difficulty in obtaining spare parts. The rapid changes which occur today sometimes cause the small man to invest in a piece of machinery today and find out within a year or two that the design has changed and a different type of machinery is more useful. Under those circumstances, his investment has been, to a large extent, depreciated. I suggest that the committee should consider this sector of farming.

I am sure that members of the forest products laboratory, such as Dr. Jenkins and others, would be only too willing to give evidence with respect to the research that is being done by that branch of the forestry department in connection with logging equipment, small saw mill machinery and machinery of that type. I mention these items to indicate that in my district, and I am sure in others, there are difficulties peculiar to this type of activity which result from the type of machinery required by those individuals engaged in these different farming operations.

Mr. Macdonnell: Would the hon. member agree that the picture which he has given us is a picture of unadulterated private enterprise, no doubt initiated but untainted by socialism?

Mr. Speaker: I hope the hon. member will not be beguiled away from the subject by that apparently innocent question.

Mr. Herridge: Mr. Speaker, I will as usual try to keep in order but, in answer to the hon. gentleman's question, which is a fair one, I would suggest it is a form of what we call legitimate private enterprise. I should like to suggest that because of the cost of this machinery there has been a development of a good deal of legitimate co-operative enterprise. Because the cost of spraying machinery, for instance, co-operative societies perform this spraying activity. This is an illustration of our philosophy—namely the mixed economy.

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, as vice chairman of this committee I think I would be remiss if I did not comment briefly on this proposed measure. I would certainly be lacking in my duty if I allowed certain statements made by the hon. member for Assiniboia to stand without comment or contradiction. I can assure hon. members that we have solicited representations from various manufacturing firms regarding farm machinery, including the John Deere Company, International Harvester and Massey-Harris. I think we have had replies from all of them, and these replies have been brought to the attention of this committee. There has been a very sincere effort on the part of the government members of this committee to present the viewpoints of all concerned regarding the prices of farm machinery. We are very fortunate, both in the committee and this house, in having full representation from farm constituencies.

I might say that on April 23, 1959, as reported at page 2985 of *Hansard*, I brought the increase in the cost of farm machinery to the attention of this house. In the same year, as reported at page 2991 of *Hansard*, the hon. member for Bow River gave a detailed list of machinery prices and the increase which had taken place over a period of ten years. I think that all hon. members will appreciate the sincere effort of those members from farming constituencies in trying to find a solution to the problem of the increased cost of farm machinery.

I have in my hand, a small sprocket from a Massey-Harris swather which costs $9.35 and weighs only 14 ounces. This will give hon. members an indication of our feeling

that it is necessary to find a solution to the problems involved in the increasing cost of farm machinery.

I will not take up any more time at this stage, but I hope that this matter will be referred to the committee at this time.

Mr. Arnold Peters (Timiskaming): I should like to say a word or two regarding the remarks made by previous speakers. I was especially interested in the remarks made by the hon. member for Kootenay West (Mr. Herridge). I imagine all members of this house will agree that when his father got off the boat and looked at his tools and implements, he regarded himself as a capitalist because he probably owned them. One of the problems facing today's farmer, because of the high cost of these farming implements, is the financing of the necessary equipment to carry out his farm operations. Many farmers in Canada will never own their own machinery but will, as in the case of individuals purchasing automobiles and trucks, be continually financing new models.

The needle referred to by the hon. member for MacLeod (Mr. Kindt) must have indeed been sharp because it produced a number of squawks from that member. I think he was very unfair in his reference to the delay in the commencement of meetings of this committee being a result of the death of the late chairman of the committee. The hon. member should realize that one or two meetings of this committee were held at which time he could have ascertained that this committee was functioning with a new chairman. He would also have known that the clerk of that committee has been responsible for looking after the documents that were assembled. I might inform him at this time that the committee had the services of an economist during the holiday period for the purpose of assembling this material. This material has not gone to waste for want of a chairman. I might suggest that this committee could have taken the opportunity of meeting some months ago, if the house had directed it to do so. There has been ample time, during the last two or three months, to have conducted an investigation into the price of farm machinery. I believe a good deal could have been accomplished during the recess, and this committee would have been prepared to hold meetings to study this whole question of the increased cost of farm machinery.

(Translation):

Mr. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, coming from one of the most productive farm areas, not only in the province, but in the whole country, I cannot but take part—be it even as briefly as possible —in this discussion.

It is a generally known fact that the area I have the honour to represent here is very highly mechanized as far as farm production is concerned, and the people there certainly expect me to make a few comments on the legislation now before us.

I am the more interested as representations were made to me that I should speak for the farmers when this legislation comes before the committee.

Mr. Speaker, as I wanted to get more information, I sent a list of questions to our farmers in the various parishes in my riding, in order to know exactly what they think of farm machinery prices.

Opposition members are not the only ones to be interested in this matter. This government has tackled the farm problem as soon as it took over. The legislation now before us only complements those other pieces of legislation enacted since the Conservative party has been at the helm.

I would like to congratulate the Minister of Agriculture (Mr. Hamilton) and the government for having, once more, got closer to our farmers in studying more intensely this matter which is of interest to all our farmers.

No need to recall here what this government has done in the field of agriculture, as everybody may call to mind the various improvements brought about in different existing acts and measures which more particularly affect our farmers.

Even though some opposition members claim that farmers are not satisfied, I am sure that our farmers know that it is under this government that something has been done for them, and that through its action they will get even more in that field.

I shall not delay any longer the discussion of this measure. I shall not dwell on the complaints made by the hon. member for Assiniboia (Mr. Argue) in particular. In fact, he implied that farmers should continue to cultivate the soil with the type of implements used in 1920 or in 1925. No farmer would buy such outdated machinery, because we would be moving backwards if we were to limit the various models to what they were 10, 15 or 20 years ago. You have there a sample of what the administration would be like if, his party unfortunately, had to form a government and thus look after the future of the farm population across the country.

I urge my colleagues and all members in this house to support this measure wholeheartedly since its objective is to help the farm people even more fairly.

(Text):

Mr. Speaker: If the parliamentary secretary speaks now, he will close the debate.

Mr. Jorgenson Mr. Speaker, I do not intend to deal with all of the questions that have been raised in the course of this debate, particularly by the hon. member for Assiniboia (Mr. Argue), since most of the questions he raised could be more properly answered in the committee itself. However, there were a few observations made with which I should like to deal now. One of them concerns the alleged delay in bringing this matter before the committee.

Those members who were on the committee last year will recall that a suggestion was made of a concrete nature that the economics division of the Department of Agriculture prepare a summary of statistics for use by the members as a basis for their questions to the various people appearing before the committee. As I indicated in introducing the motion, the English version is now ready and will be available to the members of the committee. The French version is still in the hands of the printer and will be available very shortly. It was felt that this summary should be in the hands of the committee members before they met to continue their inquiry.

The hon. member for Assiniboia also suggested that the committee investigate the prices of component parts of farm machinery. In reply to that suggestion I can only say that the committee itself will decide on its own methods of inquiry. If it decides that it wants to investigate this particular aspect, it will be quite free to do so. As I indicated earlier, the motion is very broad, and members of the committee will have an opportunity to conduct the investigation as they see fit.

The suggestion was also made that representatives of various aspects of the industry be called before the committee. Perhaps it might be timely at this point if I put on the record the names of the various organizations which have indicated that they want to appear before the committee and present briefs. I might also add that members will have an opportunity to question each of the representatives of these organizations as they appear. The organizations referred to include Massey-Harris-Ferguson Limited; the Ontario retail farm implement dealers; the national farm union; the Canadian Federation of Agriculture; the Saskatchewan wheatpool; The Canadian Labour Congress; the International Harvester Company; Canadian Co-operative Implements Limited and Cockshutt Farm Equipment Limited.

The hon. member for Assiniboia also made the suggestion that the government should nationalize the farm implement industry. I am afraid that the next suggestion he will make is that we operate state farms as well and I hope that we never get to that stage.

I want to thank the members of the house for their indicated support for this motion. When the committee meets I hope they will be able to provide us with some answers, and will be able to pinpoint some of the costs that are involved in farm machinery prices.

Motion agreed to.

VOCATIONAL REHABILITATION

PROVISION FOR AGREEMENTS WITH PROVINCES ETC.

Hon. Michael Starr (Minister of Labour) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to authorize the Minister of Labour, with the approval of the governor in council, to enter into agreements with provinces to provide for the sharing of costs incurred by the provinces in carrying out programs of vocational rehabilitation for disabled persons; to authorize the minister to undertake the co-ordination of federal activities in the field of vocational rehabilitation and to undertake research in respect to vocational rehabilitation; and for those purposes to provide for the establishment of a council to be called the national advisory council on the rehabilitation of disabled persons; and to provide further for the payment of the chairman's remuneration and of the travelling and other expenses of the members thereof and for such professional, technical, secretarial and other assistance as the council may require.

Motion agreed to and the house went into committee, Mr. Flynn in the chair.

Mr. Starr: Mr. Chairman, this resolution introduces legislation to encourage action that will enable many seriously disabled Canadians to rise above their handicaps and play a more useful role in their communities. The humanitarian purpose behind this legislation will appeal to all members of this house as it will bring new hope and encouragement to many of our less fortunate citizens.

The present century has seen great changes in our attitudes towards the handicapped. Medical science can frequently reduce or remove the effects of disabling conditions. Modern artificial appliances can greatly improve the functioning of limbs and arms.

When latent skills of the disabled are developed, many can live happier and fuller lives and make a substantial contribution to the nation's economy. A practical, efficient and vigorous rehabilitation program can form the front line of attack against the ever mounting costs and demoralizing effects of dependency caused by disability.

I am sure we are all familiar with the amazing part so many of our disabled veterans have played in developing Canada. The victims of industrial accidents are now being restored to economic usefulness to an extent previously considered impossible. Voluntary agencies working with various categories of the disabled have brought new lives to many. The word "rehabilitation" is used to encompass a wide variety of medical and vocational restorative services.

Within this concept it is the responsibility of my colleague, the Minister of National Health and Welfare, to encourage the development and utilization of all those medical skills that can hasten recovery and where possible restore the patient to maximum health. Towards this end the national health grants and hospital insurance have stimulated the better use of our resources and, with improved services in hospitals and rehalilitation centres throughout Canada, have done much to reduce the effects of disability.

The development of a rehabilitation philosophy and the use of rehabilitation techniques within the entire health program are the responsibility of the federal and provincial health authorities. I am glad to say that with the stimulus of federal assistance in this field medical rehabilitation facilities are being improved and a larger supply of appropriately trained medical personnel is now available.

When, in spite of all effort, serious or permanent disability continues to exist, the individual is faced with another problem. It is then necessary to assist him to assess his total problem and wherever possible find some means of utilizing his remaining ability in order to provide as much security as possible for himself and his family.

Since 1954 the federal government has shared with the provinces the cost of providing vocational training for disabled people who are considered capable of benefiting from such procedures. The special placement service of the national employment service of the unemployment insurance commission each year places thousands of disabled people in work which they are able to perform efficiently.

We now have, through the Department of Labour, agreements with nine of our provinces through which they are encouraged to employ staff whose function is to co-ordinate all those services, governmental and private, that contribute to the vocational rehabilitation of the seriously disabled.

During the period up to the present, which has been regarded as something of an experimental one, plans have been worked out and procedures established in these nine provinces—that is, all except Quebec—through which disabled persons may be assessed both medically and vocationally, supplied with appropriate services and assisted to stand upon their own feet and avoid the necessity of dependence upon public assistance.

With so many agencies and services involved it is impossible to measure accurately in statistical terms the total results of the efforts that have been made. Moreover, statistics alone cannot measure the personal satisfaction experienced by rehabilitated individuals.

We do have, however, statistics regarding a group of 5,266 seriously disabled people who have been successfully rehabilitated. When brought to the attention of the provincial rehabilitation authorities, 80 per cent of these 5,266 persons were without earnings and 50 per cent were dependent entirely upon public assistance. In addition, the group had 3,881 dependents.

After securing rehabilitation services in the form of supplementary medical treatment, provision of artificial appliances, training and placement in suitable employment, we find that the annual earnings of the group are around $9,600,000. Prior to rehabilitation the annual maintenance cost for these people ran to $3,900,000. During the period in which they have been employed—some for several years now—there has been an actual saving of around $12 million in maintenance cost and the accumulated earnings of the group have totalled $29 million.

I am sure members of the committee will agree that there can be no doubt about the value of an organized effort of this type. The purpose of this legislation is to encourage the provinces to seek out the seriously disabled and as early as possible bring the constructive forces of rehabilitation to play upon their problems so that wherever possible they can avoid dependence upon their families and friends or public assistance.

By placing authority for this program in statute form, we shall give the provinces the assurance of continued support for their work in this connection. The legislation proposed has been developed with the co-operation of the Department of National Health and Welfare. We have also had the benefit of the advice of a national advisory committee in which government representatives, the voluntary agencies, labour, management, the medical profession and the universities have

combined to give their guidance. The views expressed by this group have been studied in preparing this bill.

Under this legislation it is proposed that new agreements will be made with each province setting forth the manner in which the various services required for the rehabilitation of the disabled in that province are to be made available. This will result in a clarification of the extent to which assistance can be received, and we hope that as the qualified staff necessary to administer and operate such programs becomes available we shall see a continued expansion of work in this field.

It is not intended, of course, to give this important segment of our population any advantage over any other group, but rather to help them overcome some of their present disadvantages. It is hoped that by assisting individuals to overcome their handicaps they will enjoy as far as possible the same privileges as the able-bodied and will as far as possible accept the same responsibilities.

Through our work with disabled persons we know that all they seek is a chance to play their rightful role as Canadian citizens. The principles behind this legislation are in keeping with the spirit of the Canadian bill of rights and are being proposed in order that as many of our disabled citizens as possible will be able to participate fully in the life and development of our country. The passing of this legislation will not commit the federal government to any new areas of expenditure. The placing of the authority for the program in statute form will encourage the provinces to plan ahead in developing more effective vocational rehabilitation services. Concluding comprehensive agreements with each province will clarify the responsibilities which both the federal government and the provinces are prepared to accept in this area, and thereby encourage vocational rehabilitation services to be brought to as many of our disabled Canadians as possible.

Mr. Carter: I rise to indicate our support for the principle of this resolution, because we are convinced that any provision to promote and expand a program of vocational rehabilitation for disabled persons deserves the support of all hon. members.

Rehabilitation has as its aim the development and restoration of the disabled person to the fullest physical, metal, psycho-social, vocational and economic usefulness of which he is capable within the restrictions inherent in his environment. As the minister has already told us, rehabilitation has two main aspects. First, there is the human aspect, the enabling of the individual to live a useful, satisfying life and to make a useful contribution to society. Then there is the economic aspect, to increase the economic productivity of the disabled persons and to enable them to contribute to the economy rather than to become a burden on the economy.

The increase in the life span of man which has been brought about by medical science has resulted in an increasingly large proportion of old people in our population who have to be supported by the working population. Between 1901 and 1949 the number of children under 15 years of age doubled, but during that same period the number of people over 45 trebled. There is a limit to the burden which the working population can carry, as well as to the standard of living which it can support. Anything, therefore, which can increase the working population and at the same time reduce the burden which the economy has to carry is a sound economic investment.

I have not been able to find up-to-date figures about the proportion of disabled people in Canada, but surveys carried out in the United States showed that the proportion of the disabled to the total population there was about 20 per thousand, not including disabled veterans. If we apply the same proportion to Canada, it would seem we have about 360,000 disabled persons in addition to our disabled veterans. In 1940 a very important experiment was carried out by the British ministry of labour in the United Kingdom. At that time they had 185,000 disabled men and women who were listed as unemployable, but as a result of that experiment that number was reduced to less than 8,000. That proves beyond doubt that 97 per cent of our disabled persons can be rehabilitated to the point where they can lead useful productive lives and that 80 per cent of our handicapped people of working age are capable of being rehabilitated into employment; that is, they can become economically useful without the benefit of highly specialized and expensive services.

As the minister pointed out this evening our experience with disabled war veterans in Canada has confirmed the result of that British experiment. I think those of us who have had the pleasure of visiting Sunnybrook hospital and other veteran centres have been amazed at the rehabilitation work which has been accomplished there. It is against this kind of background that we must discuss the resolution which is now before us.

The legislation which will be introduced as a result of this resolution seeks to achieve four main objectives. The first is to make agreements with the provinces with respect to cost sharing. The second is to co-ordinate federal activities and to carry out research. The third purpose is to set up a national advisory council on vocational rehabilitation, and the fourth is to equip this council with

the necessary staff and equipment and to make provision for salary and operating expenses. I should like to say a word about each of these objectives. In the first place with regard to the agreements with the provinces about cost sharing, may I say that the usual cost sharing agreement worked out between the provinces and the federal government has been on a fifty-fifty basis. That has not proved satisfactory to the poorer provinces because the poorer provinces such as Newfoundland can be ruined by cost sharing schemes. I think this resolution differs from most arrangements of this kind inasmuch as it involves human beings and I would hope that when the minister works out the agreements envisaged in his resolution they will be on a basis of need, and on the basis of the capacity of the province concerned to provide the facilities including trained personnel which are necessary to enable this program to be carried out successfully.

The co-ordination of federal activities is certainly a step in the right direction. At the moment rehabilitation activities are being carried on by the Department of Veterans Affairs, the Department of Labour and the Department of National Health and Welfare. At the provincial and municipal levels we have various provincial and municipal services. Much work is being done voluntarily by private agencies. I would hope that the federal example of co-ordinating the services would be followed by the provinces.

I take it that one of the reasons for this co-ordination is that people would have to deal only with the national advisory council which would serve as a clearing house or liaison for all the work that has to be done in this connection. It is not clear from what the minister said this evening whether the council will actually take over this work or whether it will continue to be carried on by the various departments but be co-ordinated by this body.

Of course, there is a great deal of research to be done in this connection. First of all we need statistical research to tell us how many people will be affected, what age groups they fall in, what categories of disabilities and handicaps are most prevalent in each age group and in addition there will have to be an examination of the research that has been done relating to the techniques and procedures that have been and are being developed in other countries. I presume there will be some co-ordination of the production of films, posters and publications in connection with rehabilitation that are put out by the various departments.

The third objective contained in this resolution is not a new idea. In 1951 a national conference on rehabilitation was sponsored by the Hon. Milton Gregg, who at that time was minister of labour. Also active in the sponsorship were Mr. Lapointe, the then minister of veterans affairs, and my colleague, the hon. member for Essex East (Mr. Martin) who was then the minister of national health and welfare. Now that the government has embarked on an expanded program of rehabilitation perhaps the time has come to set up a permanent body.

While on this subject I should like to pay tribute to the work being done with respect to the rehabilitation of the disabled in my own province. I think in particular of the work being done by the tuberculosis association, by the orthopedic wing of the general hospital, by the children's rehabilitation centre and the sunshine camp for small children. The latter has played an important part in assisting the disabled children of poor people in the outlying areas, improving their health to the point where they have been able to undergo surgery and take treatment for their disability.

I also think of the work being done by the provincial branch of the institute for the blind and of the treatment provided to the deaf and dumb children. There is such a host of organizations and agencies engaged in important work of this nature that one hesitates to mention one for fear of overlooking another. I wish to pay tribute to all of them for the work they are doing and have done in my province.

The essence of a program of this nature is the placement service. There is no point in rehabilitating a disabled person and teaching him a trade if after he has learned a trade there is no work for him to do. That has been perhaps the greatest shortcoming in my own province. We have trained people as barbers, clockmakers, taught them to repair clocks, shoes and television sets, but there is no great demand for work of this nature and we cannot place all our disabled people in these trades.

I hope the federal government will develop a policy of giving preference to disabled persons. In my own province, before confederation, the government did have such a policy. It was an unwritten policy but was accepted by the people generally. In every small settlement there is usually someone with some physical disability, one who is crippled, who has impaired sight or who is handicapped in one way or other. Before we became a part of Canada if there was a position as postmaster vacant a disabled person was given preference because it was a job he could handle. We trained people for telegraph offices, for bookkeeping positions and other clerical

jobs and under the unwritten policy, disabled persons were given preference.

Since we joined Canada a different policy has been pursued by the federal government and many of these jobs that used to be set aside for the disabled are no longer available. I think it was a good policy and if, when it is set up, the council is going to coordinate all these activities I hope it will develop a policy of giving preference to disabled persons and that this policy will be adopted by the federal government.

Even a policy of this nature will not provide jobs for all our disabled people in a province such as mine where the population is widely scattered in may small communities. One way of solving the problem, and at the same time of making a contribution to the economy, would be for the council to sponsor home industries and handicrafts which will enable disabled people to work in their own homes making some product that has a market value that can be sold to provide an income for the disabled person and his family. It will probably be necessary to establish a national organization of some description to market these products.

We have people of tremendous talent in many of our small settlements. In the words of the old adage, many a rose is born to blush unseen. In our small settlements we have people with a great ability to paint, singers and musicians and people who are skilled in many handicrafts. This I think would be a solution in a sparsely populated province, and possibly it would apply to the maritimes as well as to Newfoundland.

We know from the work that has been done by the Newfoundland outport nurses' association and by the Grenfell mission that there is a demand for handicrafts of high quality. These groups sponsored the purchase of looms so that handicapped people could weave cloth and make knitted goods. The goods were of high quality and found a ready market.

I pass on these suggestions to the minister because the whole program stands or falls on our ability to find some method of providing work for these people after they are trained.

I conclude, Mr. Chairman, in the hope that this expanded program will be successful and that it will contribute greatly to the productivity of our disabled population.

Mr. Martin (Timmins): Mr. Chairman, the minister introduced this resolution and the hon. member for Burin-Burgeo followed. Both spoke about the principles behind this particular resolution. I have to agree wholeheartedly with them. The principles upon which this resolution is based are indeed very good ones. But I do not think it is good enough to bring in a resolution based upon good principles unless we are going to adopt some of those principles and put them to some use. From reading the resolution itself, from listening to the presentation made by the minister and from the information he has provided us so far, I am not too sure just how much good is going to come from this particular resolution.

First of all, the minister said it is to encourage action and it so states in the resolution. The purpose is to permit the federal government to enter into agreements with the provinces to provide for the sharing of costs incurred by the provinces in carrying out programs of vocational rehabilitation of disabled persons, and so on. While it is true that the resolution is based on good principles and it is a nice gesture in the right direction, nevertheless the initiative has been left completely with the provinces. We have no assurance that after the passage of this resolution the condition will be any better in the future than it has been in the past.

The minister went on to say that the purpose was to bring hope, to the disabled. Again, this is quite a true statement so far as it goes. It brought hope to me when I saw the resolution on the order paper. I really thought we were going to get our teeth into the problem and do something more about it than we had been doing in the past. Apparently that is not so, because toward the end of his remarks I noticed the minister said that there would be no new expenditures, no further expenditures in the future on the part of the federal government than there have been in the past. While the introduction of this resolution may bring hope to the disabled, I would remind the hon. member and the minister and the other hon. members that it takes more than hope to buy groceries.

The minister said something about a practical and vigorous program. I believe these were some of his words. I did not get them all down; unfortunately, I cannot write shorthand. Again these are fine words, but the minister failed to indicate any kind of practical or vigorous program which he was going to embark upon as a result of this particular resolution.

The minister went on to say further that the plans up to date and the methods adopted in the past, particularly on the part of the federal government, have been experimental ones. While it has been an experimental plan up to date, if we are to embark on a practical and vigorous program and at the same time confine ourselves to the same amount of money we have been putting into this scheme in the past, I do not see how the resolution will mean anything more than some more window dressing.

Mr. Starr: Will the hon. member allow me? There will be no new expenditures but a great deal more money will be spent on that type of program.

Mr. Martin (Timmins): I am coming to that. I should like to take up that point with the minister later.

The resolution mentions that one of the purposes of the measure is to provide further for the payment of the chairman's remuneration and of the travelling and other expenses of the members of the national advisory council that is to be set up. If there are to be no new expenditures, then the expenditures of the council to be set up must be taken out of the money provided in the past.

Mr. Starr: No.

Mr. Martin (Timmins): This means that there will be less money to spend on doing something for the disabled persons than in the past.

Mr. Starr: I am sure the hon. member would not want to leave the wrong impression. An advisory committee has been acting for some time now; it will now be set up under the act.

Mr. Martin (Timmins): This brings me to another point, Mr. Chairman. Apparently the only purpose of this resolution is to take the job that we have been doing in the past which, in the minister's words has been an experimental one, and transfer it from wherever it has been in the past to this new division under the minister. I do not think this is something of which we should be too proud.

The minister quoted a host of statistics. He mentioned 5,266 seriously disabled people who come under this plan, 80 per cent of them formerly without earnings. He went on to say that actual earnings amount to $9 million and the welfare costs came to $3 million. He did not say what their earnings were before, or what the cost of the upkeep is now. Therefore, statistics of this kind which give only one side of the picture are not really very useful.

I have some further remarks to make on this matter but I see the hour of ten has approached. Will you call it ten o'clock, Mr. Chairman?

Progress reported.

BUSINESS OF THE HOUSE

Mr. Hellyer: Will the house leader indicate the business for tomorrow and the remainder of the week?

Mr. Churchill: Tomorrow, Mr. Speaker, as announced, we will take up Bill No. C-73, to amend the Income Tax Act, No. 6 on today's order paper. Should that be completed tomorrow we would then carry on with the resolution we were discussing tonight.

On Thursday we will take the estimates of the Department of Agriculture. It will be necessary to make a change on Friday from the order of business that I forecast last Thursday. The supplementary estimates will be tabled tomorrow, and they will be brought before the house for discussion on Friday.

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

Question

ANSWER TO QUESTION

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

NORAD-NATO COSTS

Question No. 101—**Mr. Argue:**

What was the cost, or what is the estimated cost, to Canada for carrying out our commitments under (i) NORAD (ii) NATO, in the fiscal years, (a) 1959-60 (b) 1960-61 (c) 1961-62?

Answer by: **Hon. D. S. Harkness (Minister of National Defence):**

(i) Canada has no direct financial commitment to NORAD. The direct costs of the air defence forces in Canada are estimated as follows:

Fiscal Year

(a) 1959-60 .....$171,304,000
(b) 1960-61 .....$156,212,000
(c) 1961-62 .....$182,127,000

(ii) Estimated direct costs of Canadian forces committed to NATO:

Fiscal Year

(a) 1959-60 .....$342,578,000
(b) 1960-61 .....$408,916,000
(c) 1961-62 .....$455,545,000

NOTE: Air defence costs as shown above are the estimated direct expenditures on the R.C.A.F. forces assigned to the air defence of the Canada-U.S. region. These figures do not include indirect costs such as training, logistics support, command and administration.

NATO costs as shown above consist of the direct costs of the army bridgade and the air division in Europe, the R.C.N. and R.C.A.F. forces earmarked for SACLANT and direct expenditures on mutual aid including contributions to infrastructure and NATO budgets. These figures do not include indirect costs of the type referred to in the previous paragraph.

HOUSE OF COMMONS

Wednesday, March 15, 1961

The house met at 2.30 p.m.

RAILWAYS, CANALS AND TELEGRAPH LINES

Fourth report of standing committee on railways, canals and telegraph lines—Mr. Howe.

SUPPLEMENTARY ESTIMATES, 1960-61

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1961, was presented by Hon. Donald M. Fleming (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

TRADE

STATEMENT ON SIXTH MEETING OF JOINT CANADA-U.S. COMMITTEE

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I wish to make a brief report to the house on the meeting of the Canada-United States joint committee on trade and economic affairs which took place in Washington yesterday and the day before.

The United States was represented by Hon. Dean Rusk, Secretary of State; Hon. George W. Ball, under secretary of state for economic affairs; Hon. Douglas Dillon, Secretary of the Treasury; Hon. Henry R. Fowler, under secretary of the treasury; Hon. Luther H. Hodges, Secretary of Commerce; Hon. Stewart H. Udall, Secretary of the Interior, and Hon. Orville L. Freeman, Secretary of Agriculture. The United States delegation also included Hon. George C. McGovern, coordinator of the food for peace program.

The Canadian government was represented by my colleagues the Minister of Trade and Commerce, the Minister of National Revenue, the Minister of Agriculture, and myself. The Canadian delegation also included the under secretary of state for external affairs, Mr. N. A. Robertson, the Canadian ambassador to the United States, Mr. A. D. P. Heeney, and officials of the various departments.

This was the first meeting of the committee since the new United States administration took office. The Canadian ministers were anxious that the United States members should view individual problems in the context of the entire framework of economic relations between our two countries. Accordingly we took the occasion to review at some length the Canadian economic situation and to show which features of our situation were common to both countries and which features were different. Both countries, for example, have shared the same experience of a slowing down of growth and of high levels of unemployment. We reviewed together the measures both countries had taken to stimulate greater economic activity, and we were agreed that an expansion of growth would result.

Both countries have had special problems related to the balance of payments. In this respect, however, our problems in Canada have been somewhat different from those of the United States. It was valuable to have an opportunity at this meeting to explain these differences to our United States colleagues and to analyse features of our balance of payments along the lines I followed in this house when introducing the supplementary budget last December.

The United States balance of payments was examined in the context of the world financial situation. As hon. members are aware, there have been serious problems of international imbalance associated with short term capital movements. Now that the major currencies are convertible and capital moves more freely it is clear that the industrial countries of western Europe and North America will have to continue and improve their methods of consultation about the economic policies of individual countries as they may affect others. We believe that the organization for economic co-operation and development will provide a very useful forum for such consultation.

It was clear from our discussions this week that the members of the committee are in broad agreement that the 1960's will produce new and rather different problems from those both countries have faced in the past. The great expansion of the economies of the western European countries is presenting a competitive challenge to both the United States and Canada. We found that the United States side attached great importance, as we do ourselves, to ensuring that the development of regional trading groups and any arrangements between them do not restrict the traditional access of North American exports

to the markets of western Europe. The committee agreed, especially, that in the current tariff negotiations at Geneva the six countries of the common market should assure that access. Canadian ministers were particularly gratified to learn that the new administration would continue to co-operate closely with Canada in pressing the Six for a satisfactory settlement in GATT with respect to trade in agricultural products.

The relations of Canada and the United States with the Six and the Seven will be of the greatest importance in the years to come. The establishment of the new O.E.C.D. will provide a framework in which Canada, the United States and their European partners will be able to examine and discuss each other's policies with respect not only to trade and economic matters but also to the vital task of assisting the less developed countries. I was able to report to my United States colleagues that Canada was the first country to complete parliamentary approval of the O.E.C.D. convention, having done so by unanimous vote of both houses, and Canada is now in a position to ratify.

In the meetings this year special attention was also given to the problems facing the underdeveloped countries. I am confident that the long-standing co-operation between the two countries in this field will be continued and indeed strengthened. I was struck by the conviction within the committee that the developed countries, particularly those with surpluses to invest abroad, must find satisfactory and equitable means to respond to the needs of the developing countries, and above all defeat the threat of poverty and starvation in so many parts of the world.

Ideas and actions, some of which are developing and others of which are planned in connection with the use of food to help raise levels of consumption and standards of nutrition were discussed, including the latest developments in the United States food for peace program. The United States indicated support for multilateral arrangements such as the Canadian proposal for a world food bank, which they had joined in sponsoring before the United Nations general assembly last October.This proposal is at present being given detailed study by FAO and it is expected that recommendations for appropriate action by governments will be forthcoming later this year. Other points relating to agreement on the continuation of close consultations to ensure that present and potential commercial markets for food products are not disrupted are recorded in the communiqué and I need not repeat these at length. I may say, however, that Canadian ministers were very pleased to receive from the new administration such a clear undertaking in this regard.

[Mr. Fleming (Eglinton).]

The committee also discussed a number of matters less general in scope but of direct importance to trade and economic relations between our two countries. Measures taken by Canada since our last meeting were reviewed. In this regard I had the opportunity to give a full explanation of the proposals put before parliament in the supplementary budget, notably its tariff and tax provisions. As a result of our useful discussions on this subject, I believe our United States colleagues have a full understanding of these proposals.

Canadian ministers raised a number of points bearing on our exports to the United States, such as import restrictions on agricultural products and on lead and zinc, certain customs problems, and the difficulties raised for Canada by the United States export subsidy on cotton manufactures. As a result of these exchanges of view I believe the United States members of the committee should have no doubt about the difficulties faced by Canadian exporters as a result of United States policies in these fields.

This meeting of the joint committee provided a welcome opportunity for Canadian ministers and the new United States secretaries to meet each other and gain a clear understanding of points of view in both countries. This meeting, like previous meetings of the committee, was characterized by the utmost frankness and friendliness.

Following the meeting my colleagues and I had the honour of being invited to call on the President with whom we had a most interesting talk. This meeting afforded an opportunity for further discussion of trade and economic questions and of the visit of the President and Mrs. Kennedy to Ottawa, which is awaited by Canadians with pleasant anticipation.

Mr. Speaker, may I table for the information of the house a copy of the communiqué which was issued at the conclusion of the committee meetings. If it is the wish of hon. members perhaps it could be printed as an appendix to today's *Hansard*.

Mr. Speaker: Is it agreed that the communiqué be printed as an appendix to *Hansard* today?

Some hon. Members: Agreed.

[*Editor's note: For text of document above referred to, see appendix A*].

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure all hon. members will have listened with interest to the minister's statement. Although we have not had the advantage of seeing the communiqué which presumably was issued yesterday and which has now been tabled, nevertheless from the minister's statement

and from press reports—especially, I may add, the latter—we are able to get a picture of the meetings that have just taken place in Washington.

The minister in introducing his statement said it had been decided that the individual national problems between the two countries would be considered within the framework of international economic policy. It is perfectly clear from the minister's statement that more attention was given to the framework than to the picture, because the communiqué deals almost entirely with international economic policies and the views of the two governments in respect of them.

In so far as the minister's statement dealing with these matters is concerned, it is satisfactory to note that the two governments are in general agreement on the usefulness of O.E.C.D., which is apparently to be pretty carefully restricted to consultative matters on the desirability of further progress being made in the discussions now going on through GATT and the desirability of co-ordinating policies in respect of international agricultural disposal matters. It is all to the good that the two governments should try to reach agreement on these matters, and that agreement, though in very general terms, seems to find expression in the communiqué so far as we can judge from the minister's statement.

The minister made little reference to individual problems between the two countries. However, we learned from the press that they had come up and the minister indeed did mention that fact, and that there was an exchange of views in regard to them. I would have hoped that there would be no hesitation on the part of the Canadian representatives to take up with the United States governmental representatives such questions as national oil policy, the United States policy on base metals and the policy of that country in giving additional contracts at this time to their uranium producers when only a year ago they told us there was a surplus of uranium and that was why they had to refuse to take up their options on our uranium.

I would have hoped, Mr. Speaker, that the government would make the position of Canada perfectly clear in these matters. We learned from the press—the minister did not confirm the fact this afternoon, though he did mention it—that the United States ministers challenged the assertion that the new class or kind provisions did nothing to contravene Canada's obligations under GATT, thereby confirming the view that we on this side take about these provisions.

Mr. Fleming (Eglinton): No.

Mr. Pearson: These ministerial meetings, which have been going on now for six years, are valuable; they are useful and additional machinery between the two countries. In the exchange of views that takes place at these meetings not only are individual problems discussed but ministers on both sides of the border are given a chance to get acquainted generally with each other's points of view. I am sure that at this time this is particularly valuable because of a new administration in Washington. We are told in the press that as a result of this meeting Canadian ministers will now be able to take up the telephone and get in touch with their opposite numbers in Washington. Judging by the communiqué and the minister's statement, I would say that has been the main achievement of the meeting.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the minister said in his statement there was broad agreement between Canada and the United States that the 1960's would produce new problems. I think that is a conclusion that we all were aware of in advance. The minister has outlined a number of problems, but there is no indication in his statement that there has been any conclusion as to the solution for those problems. However, the minister did say that in dealing with the inner six, Canada and the United States would continue to co-operate in pressing on the inner six the need for a satisfactory settlement with regard to agricultural products being imported into that area. We can only hope that this pressure will be successful. Instead of a forward step in obtaining extra markets or increased markets for our products, what it really means is just holding the line.

The minister went on to talk at some length about the problems and the possibilities of expanded sales of Canadian food products and the whole question of economic assistance. There seemed to be no agreement following these discussions. There seems to be no agreement that Canada will have a peace corps. We ourselves are going to do nothing to increase economic assistance by way of a greater provision of food products. There was an assurance from the United States, which we are glad to receive, that that country will not interfere with our normal commercial markets for food products. That leaves beyond decision the whole field of non-commercial markets into which the United States has moved in a very big way.

The minister said that after speaking to the Americans he has come to the conclusion that they have a full understanding of Canada's tariff proposals. I am not sure

whether this is good or bad, Mr. Speaker. It might result in some very severe retaliation. I am sure the Americans will thank the minister for his information and instruction.

There has been no settlement of many outstanding problems such as the whole question of the disposal by the United States of its agricultural surpluses in non-commercial markets, the problem of exports of oil from Canada and so on. No doubt there was a very welcome exchange of ideas. The minister talked of a friendly and frank approach. The minister and his colleagues have had so many laudable things to say about the new United States administration that we had really hoped they would have been able to achieve more concrete results.

[*Later:*]

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to address a question to the Minister of Finance. I wonder whether in his two-day visit to Washington he had an opportunity to observe the apparent accord and concert between the President of the United States, his new administration, and the chairman of the federal reserve bank, Mr. Martin, aimed at a reduction of interest rates and acceleration in the pick-up of the economy. If so, does he intend to seek similar harmony in this country?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the subject of the relations between the government and the central bank did not enter into our discussions yesterday. I happen to be well acquainted with Mr. Martin, the chairman of the federal reserve bank of the United States, and I think I have some familiarity with the policies that have been followed in the United States in the monetary field.

I think there is no occasion in this situation for casting aspersions or throwing brickbats about in the Canadian field. The fact is that the situation in this regard is precisely as I indicated to the house in a recent discussion of the matter. When the hon. member talks about the program of the new administration in the United States, I should add that there was some little discussion on that matter; attention was drawn by the Canadian ministers to the close resemblance of the program submitted to congress by the President of the United States to that already submitted to this parliament by the government in the speech from the throne read on November 17 last.

Mr. Pearson: That must have made them laugh.

[Mr. Argue.]

Mr. Benidickson: I should like to ask a supplementary question. The minister has referred to some similarities. Did he also notice the gap between the basic interest rates prevailing in the United States and the basic interest rates in this country?

Mr. Speaker: Order. I am sure the hon. member is asking for information which is equally available to all members of the house.

EXTERNAL AFFAIRS

TUNISIA AND IRAQ—AMENDMENT OF CANADIAN DIPLOMATIC APPOINTMENTS

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, members of the opposition seem to be very hard to please this afternoon, and I am hoping they will not receive my announcement in such a manner. I am pleased to announce the appointment of Mr. H. F. Feaver as Canada's first ambassador to Tunisia. Direct diplomatic relations have, of course, existed between Tunisia and Canada since September 9, 1957, when His Excellency Mongi Slim, presented his credentials as first ambassador of Tunisia to Canada. The appointment of Mr. Feaver will complete the diplomatic connection with a country whose role in international affairs is one of great and growing importance and with which we have enjoyed particularly effective co-operation at the United Nations. As a matter of fact, Tunisia has made an enviable reputation as a member of the security council during the current year.

Hon. members will recall that Mr. Feaver's appointment as ambassador to Switzerland was announced last month. His present appointment to Tunisia will mean that he will concurrently represent Canada in that country as well. Although his normal residence will be in Berne, he will pay frequent visits to Tunisia.

Mr. Feaver, a native of Nova Scotia, has had a long and distinguished career with the Department of External Affairs both at home and abroad since 1930. He has served in Washington, Tokyo, London and The Hague. He was Canadian minister to Denmark from 1954 to 1956 and Canadian ambassador there from 1956 until his return to Ottawa in August, 1958, where he has since been chief of protocol.

At the same time I should like to announce that for some time it has been the government's hope that it would be possible to establish some Canadian diplomatic representation in Iraq. Discussions to this end have recently been taking place with the Iraqi government. I am pleased to inform the house that it is the government's intention to accredit to Baghdad Mr. Paul André Beaulieu, Q.C., the Canadian ambassador to Lebanon. Under this

dual accreditation arrangement, Mr. Beaulieu will continue to maintain his residence in Beirut but will, of course, be in a position to pay regular and frequent visits to Baghdad as well.

Mr. Beaulieu was born in Outremont, Quebec, was educated in Montreal and practised law there prior to the war. He joined the Department of External Affairs in 1940 and has since seen service in Washington, Paris, London and Boston, where he was consul from 1949 to 1951. He was originally appointed chargé d'affaires of the Canadian legation in Lebanon in April, 1958, and became ambassador there in October, 1958, when the status of the mission was raised to embassy.

Mr. Beaulieu's appointment will demonstrate Canada's recognition of the increasingly important role which Iraq is playing in international affairs and the growing need for closer relations between our two countries. This appointment also is one of several, of which the Sudan, I hope, will be another, intended to strengthen Canada's representation in Asia and Africa.

Hon. Paul Martin (Essex East): Mr. Speaker, the announcement of these two appointments will be warmly received by the house. It was announced a week ago, although I believe not in the house, that Mr. Feaver had been appointed as ambassador to Switzerland. Now we are told he is to be given the additional assignment of serving as our representative in Tunisia. It is appropriate that Canada should be among those countries to have representation in Tunisia because of the efforts made by Canada toward the admission of Tunisia into the United Nations and the acquiring by her of the status of a self-governing nation.

Mr. Feaver is a distinguished public servant who has represented Canada abroad with distinction on several occasions. He has performed notable and valuable services to his country in the Department of External Affairs here in Ottawa.

The appointment of Mr. Paul Beaulieu as our ambassador to Iraq has fulfilled an intention which the minister from time to time indicated to the house the government had in mind. The minister will recall that on several occasions I asked him if there was any likelihood of an appointment being made by Canada to Iraq by way of establishing a Canadian mission there. The minister replied that consideration was being given to this matter. It is significant that the government of Iraq announced the day before yesterday that it had decided to establish a diplomatic mission in Canada. One wonders why the announcements were not simultaneous. I do not say this by way of criticism, but it is rather unusual that the announcement should have been made in the way it was.

The minister's announcement of the appointment of Mr. Beaulieu provides Canadian representation in a very important area in the Middle East. Mr. Beaulieu, who has distinguished himself as our ambassador to the Lebanon and who has had distinguished consular service in Canada will, I am sure, live up to the high traditions of our diplomatic service.

Mr. H. W. Herridge (Kootenay West): I am very happy indeed to justify the Acting Prime Minister's hope for a slight area of agreement this afternoon in public affairs. We welcome this announcement as further evidence of Canada's growing friendship with other countries, of an extension of her co-operation and growing influence. The gentlemen whose names have been mentioned as being appointed to these posts have a record of valuable service and are held in the highest regard and esteem by us all.

POST OFFICE DEPARTMENT

ANNOUNCEMENT OF NEW CONVENTION BETWEEN CANADA AND UNITED STATES

Hon. W. M. Hamilton (Postmaster General): I wish to advise the house that the terms of a new postal convention between Canada and the United States will come into effect on July 1 of this year. This convention replaces one which has been in existence since 1922. The new agreement between our two administrations reviews the exchange of mails between our countries in the light of present conditions and brings up to date informal understandings arrived at over the years.

Of major interest, particularly to Canadian newspaper and periodical publishers, is the inclusion in the new convention of an article stipulating that second class mail in each country addressed for delivery in the other shall be chargeable at a rate not less than the lowest international postage rate in effect for such printed matter. This means, in effect, that postage rates on United States newspapers and periodicals entering Canada will be substantially increased. The higher rate also applies to Canadian publications mailed to the United States, but in view of the relatively small volume of this type of mail it should have comparatively little adverse effect on Canadian publishers.

I might just mention in this connection that about 150 copies of United States publications come to Canada for every copy of a Canadian publication going to the United States. As an illustration, the rate on a typical monthly magazine mailed in the United States for Canada will increase from about 6 cents per pound to a minimum of a little over 8 cents per pound.

The United States has also announced its intention to make rate changes on certain other types of mail addressed to Canada effective July 1. Generally these changes are designed to apply the same rates on such mail as exist for domestic United States mail. No such changes are to be made in Canada, since in the categories concerned the domestic postage rate already applies to mail addressed to the United States.

Under the new convention the service on unpaid or insufficiently prepaid letters and postcards originating in the United States will be improved, as henceforth all such mail will be forwarded promptly rated double deficiency instead of being delayed at origin for the missing postage. Such a practice has been followed in Canada for some time. Also, the maximum weight of parcels exchanged between the two countries will be increased from 15 to 25 pounds and the maximum indemnity for the loss of a registered article increased from $25 to $100. The new scale of weights for parcel post to the United States will, of course, require a revision of parcel post rates on such mail, and this is currently under way.

The convention also deals with a variety of technical postal questions affecting the service between both countries. I should like to express my appreciation here for the cooperative way in which United States postal officials worked with us on the drafting of this convention from the time the project was first suggested by the Canadian Post Office Department over a year ago.

Mr. Azellus Denis (St. Denis): I noticed that the Postmaster General read the statement rather rapidly. I did not hear any reference to the royal commission which was presided over by Mr. O'Leary. Perhaps before the Postmaster General made any change in postal rates between the United States and Canada, he should have waited for the report of the royal commission, or perhaps he should have attended before that commission as a witness.

The postal rates between the United States and Canada seem to be about the same both ways, even after these changes. If the purpose of these changes was to limit the number of United States periodicals or magazines entering Canada, I do not believe they will have any effect at all. The only result will be to impose a kind of indirect tax on the periodicals and magazines. Another result of this change will be to increase the cost of living in Canada as well as in the United States.

In conclusion I should like to say I believe the Postmaster General should have awaited the report of the royal commission before making these changes.

[Mr. Hamilton (Notre Dame de Grace).]

Mr. Speaker: Order. The hon. member will realize that the minister's statement was simply a statement of information. If he wishes to criticize or debate the subject matter of that statement there will be an appropriate time later to do that.

Mr. D. M. Fisher (Port Arthur): We welcome this announcement the result of which is, in effect, an amelioration of the competition of Canadian publishers with United States publishers, although it is difficult to know just how significant this will be. One of the points about this announcement, and it is not a vitally important one but it is peculiar, is that the whole idea was released in the United States on March 6. Despite the fact that we have had parliamentary questions centring on this area since that time, we have had to wait until today for this announcement. There was a full news report covering this change in the United States yesterday, so the people of the United States seem to have had this information when Canadians did not. I was wondering whether, in any liaison the minister might have with United States officials in the future, he could see that we get the same break the United States does in terms of information.

The other point that is not at all clear from the statement, and the minister might clarify this right now, is whether United States publications mailed in Canada are going to be affected by this agreement. It is apparent that publications mailed into Canada are going to be affected, but we are given no information about whether or not the ones mailed in Canada will be affected.

The next point is that the minister has not given us any indication as to whether Canada is going to get a share of the greater revenues that will accrue to the United States postal authorities for handling these periodicals that come into Canada. If the disparity is, as the minister says, 150 to 1, then it is obvious the Canadian post office is going to continue to subsidize United States publications, that is unless some form of rebate is a part of this agreement. It would have been welcome to know whether or not the minister made any gains in that particular field.

Mr. Speaker: Order. I suggest that the two questions that have been part of the comment of the hon. member for Port Arthur be reserved for the orders of the day.

[*Later:*]

On the orders of the day:

Mr. Speaker: The hon. member for Port Arthur raised questions addressed to the Postmaster General which I asked him to refer to this time.

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, it might be simpler if the hon. member would repeat his questions so that we might all be aware of them.

Mr. Fisher: My first question is, does this new convention provide for any rebate of money from the United States revenues taken in on periodicals shipped into Canada, to balance with the providing of the service by Canada, in view of the disparity of 150 to 1 mentioned by the minister? My other question is whether the agreement also covers the question of United States publications mailed in Canada itself rather than mailed into Canada.

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, the answer to the first question is no; there is no rebate from the United States to us in respect of such publications. As a matter of fact the universal postal agreement specifically does not permit an understanding of that sort in respect of publications. The reference is to what is called a terminal charge.

In answer to the second question, we almost certainly have to revise our rates here in Canada for United States publications brought into Canada and mailed in this country, but we plan to delay coming to any firm decision in this area until such time as we have the benefit of the views of the royal commission on publications.

While I am on my feet, Mr. Speaker, the hon. member for Port Arthur raised one other point with which I should deal, with your permission. The hon. member said that he understood that this information had been released in the United States about March 6 and was given to this house only today.

The release today on our part was in complete accord with an agreement between the United States Postmaster General and myself that the information would be simultaneously released in Washington and Ottawa on March 15, and if the news was made public earlier in Washington that is something for which we are not responsible. We have been very careful to keep our agreements of that kind.

Mr. Azellus Denis (St. Denis): A supplementary question, Mr. Speaker. The statement by the Postmaster General relates to other changes and other types of mail addressed to Canada. I should like to ask the hon. gentleman if there are any other postal rate changes in addition to those to which he referred including periodicals and the limitation on the weight of parcel post?

Mr. Hamilton (Notre Dame de Grace): Yes, Mr. Speaker. The United States plans to change its rates on July 1 with respect to a number of other classes of mail such as small parcels which fall into a special class of their own. If I remember correctly the mailing of books will also be affected, and the mailing of certain types of advertisements coming in to Canada. There is a schedule of changes that they have published.

Mr. Denis: A further supplementary question, Mr. Speaker. I see that these categories concern domestic postage rates which already apply to mail addressed to the United States. Do I understand it is the rate we now have in Canada or is it the change of rate put into effect on March 1, 1961? As I understand it the Postmaster General by order in council increased the domestic rates effective March 1, 1961.

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, the change in parcel post rates applies only to parcels mailed in Canada for delivery in Canada. The rate on parcels mailed in Canada for delivery in the United States was not changed on March 1, 1961, but we anticipate changes in that rate due to the changed conditions of our agreement with the United States.

PRIVILEGE

MR. PEARSON—PRESS PUBLICATION OF BANK OF CANADA REPORT

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I rise on a question of privilege which affects all members of the house. At 2.30 this afternoon there was tabled in this house the annual report of the Bank of Canada. A large excerpt from that report appeared in the press which reached the streets in Ottawa, I am informed, at 1.30 this afternoon.

I have no criticism whatever of the fact that the press secured this report. Naturally they are entitled to seek and use any information they can get from government sources, and I do not wish to interfere with their arrangements to that end. I am not criticizing the press—

Some hon. Members: Oh, oh.

Mr. Pearson: —but I do suggest it is a matter of privilege when an official document of this kind is tabled after it has been made public. Hon. members of this House of Commons are entitled to some courtesy and the same advance notice of a publication of this kind that is given to the press.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, no question of privilege whatever is involved in this situation.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): Parliament means nothing?

Mr. Fleming (Eglinton): The Leader of the Opposition has apparently completely overlooked the change in our practice in reference to tabling documents. I refer to the change that was introduced with the amendment of the rules over five years ago. Since that time the procedure in relation to tabling does not occur in the house. It is very rarely now that documents are tabled in the house. Documents are tabled with the Clerk of the house, usually in hours when the house is not in session. The report in question was tabled today because it happened to be the time for tabling. The document was tabled with the Clerk before the house met this afternoon. It was available to any hon. member of the house today.

It was not even my intention to refer to it in the house. Normally we do not refer, and have not for the last six years, to the tabling of documents in the house; they simply go to the Clerk of the house and they are then made available to hon. members in the distribution office. This report is available to hon. members in the distribution office. If the Leader of the Opposition will bestir himself he can obtain a copy of this report from the distribution office, and could have done so at any time today.

Some hon. Members: No he could not.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, on this point of privilege I should like to ask the Minister of Finance whether he is telling us that this document was made available today. I think he used the word "today". I have an idea that the document was made available to the press yesterday. Perhaps the minister would inquire about this.

Mr. Fleming (Eglinton): Mr. Speaker, I do not need to inquire at all; I will deal with that point right now. I did not say the document was not available to hon. members today; I said it was available today. It was filed with the Clerk—

Mr. McIlraith: At 2.30.

Mr. Fleming (Eglinton): —in accordance with the procedures of the house, and copies were made available to the press yesterday with the restriction that the report was not to be released until today. This has been the practice for some years with respect to this and similar documents—

Mr. Pearson: It has not.

Mr. Fleming (Eglinton): —so that the press, having a lengthy document of this kind, might be able to do it justice when the time comes for its official release. This is no derogation from the privileges of the house. The report was available to hon. members of the house before it was permitted to be released by the press.

Some hon. Members: No.

Hon. Paul Martin (Essex East): Mr. Speaker, I wish to speak on this question of privilege. The Minister of Finance takes the position that there is no violation of the privileges of the house in this matter. I wish to take issue with him. I should like to remind the hon. gentleman of one incident which occurred several years ago in which he had slightly confused the facts, but regarding which he thought there was a question of privilege.

Under our rules this report of the Bank of Canada came automatically within the possession of the house only at the hour of 2.30, when Mr. Speaker took his seat. I learned, through addressing myself to the assistant clerk of the house, that the report was effectively tabled as of 2.30 today.

The Minister of Finance now tells us that the document was made available outside this house some time yesterday. The document was not made available to the Leader of the Opposition or to any other hon. member of this house until today, after the house began its sittings. While there is no question here of censuring the initiative of any particular newspaper or journalist, the fact is—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): Hon. gentlemen may disagree. I remember the days when they stood in this house and were concerned about the rights of parliament—

Some hon. Members: Order.

Mr. Martin (Essex East): —but now that they have a great majority they do not seem to be concerned about the rights of parliament. This is an important report; it involves a matter which clearly establishes a difference of position between the government—and notably the Minister of Finance—and the governor of the Bank of Canada, and on that account—

Some hon. Members: Order.

Mr. Martin (Essex East): —if for no other—

Some hon. Members: Sit down.

Mr. Speaker: Order. The hon. member might refer to standing order 40, which governs the filing of returns. I take it this is a return required to be made under an act of parliament?

Mr. Fleming (Eglinton): Yes, Mr. Speaker.

Mr. Speaker: Standing order 40 (1) confirms what the Minister of Finance has indicated. I believe this standing order is now in the

form in which it was established only in 1955, when a new practice was adopted in this respect. This standing order says:

(1) Any return, report or other paper required to be laid before the house in accordance with any act of parliament or in pursuance of any resolution or standing order of this house may be deposited with the Clerk of the house on any sitting day, and such return, report or other paper shall be deemed for all purposes to have been presented to or laid before the house.

(2) A record of any such return, report or other paper so deposited shall be entered in the *Votes and Proceedings* of the same day.

It is clear, of course, that if there is any failure to observe the rules or orders of the house it is a breach of the privileges of the house which entitles an hon. member to complain. However, from what has been said I do not see any complaint that this rule has not been observed. As the matter has been amply discussed, unless somebody wishes to assert that the rule has not been observed and that therefore a breach of privilege arises, I think we might consider the matter closed.

Mr. Martin (Essex East): Mr. Speaker, I have something to say on this matter. What Your Honour has outlined is the method which does not touch the point in issue at all, which is a question of privilege. This house could not possibly have been seized with this report until it began its sitting at 2.30 and the tabling of the document could not become effective until this house was in session. This house did not come into session until 2.30; consequently no hon. member has had an opportunity of being acquainted with the existence of this report. If anyone had gone to the Clerk—

Some hon. Members: Order.

Mr. Martin (Essex East): —and asked—

Some hon. Members: Order.

Mr. Speaker: Order. Assuming the facts are as the hon. member indicates, there does not appear to be any breach of the rule. Does the hon. member assert that there is a privilege of the house over and above the rule itself?

Mr. Martin (Essex East): Mr. Speaker, it is not a question of a breach of the rule; it is a question of a breach of the privileges of this house when parliament is sitting—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): Hon. members may say "Oh, oh" all they want. They may seek to do all they can to thwart us from expressing our view, as they have continually done in the past and as they are doing this minute.

Mr. Speaker: Order.

Some hon. Members: Sit down.

Mr. Speaker: Order. The hon. member is receiving unusually good attention, and I do not think he can complain on this score.

Mr. Pearson: On this point, Mr. Speaker, if we had asked for this report, having read excerpts from it in the newspapers, at two o'clock we would have been told by the Clerk of the house that it was not available, even though it was in the hands of the press. Surely, Mr. Speaker, it constitutes a breach of the privileges of the house when we cannot secure an official document of this kind, though we tried to do so, because we were told it was not available, and at the same time we were told it was not available it had appeared in the press.

Mr. Fleming (Eglinton): I think the Leader of the Opposition had better be a little clearer in his statements. He is trying to leave an impression that this document or excerpt appeared this afternoon before 2.30—

Mr. Martin (Essex East): That is right; this afternoon at 1.30.

Mr. Fleming (Eglinton): I am not prepared to accept that statement on the strength of what has been said this afternoon, because the last time this kind of exhibition was put on by the opposition we found that what had appeared in the paper, and what was charged to be a breach of the privileges of the house, was not a document or an excerpt from a document at all but a speculative article.

Let me make it perfectly clear that nothing was given to the press which was available for release prior to 2.30 this afternoon, so that the press would not have this information available for release before it was available to members of the house. Hon. members opposite are well aware that this is in accordance with a practice which has been followed for years in this regard, and they are simply throwing up a smoke screen this afternoon.

Mr. Speaker: There may be a point of the practice of the house involved, in which case I should be glad to inquire into it and report to the house. If the document was tabled according to the rules it could be received at any time of the day, and if the Clerk follows the practice of holding the document until 2.30, as asserted, and does not release it to members of the house, which I take it is the position taken by the hon. member for Essex East—I see the hon. member for Essex East shakes his head, but if that is the practice of the administrative office of the house although at the same time release is made to the press, there would be a matter for consideration with regard to the internal economy

of the house and, as I say, I shall be glad to inquire into that matter and report to the house on it.

[*Later:*]

On the orders of the day:

Mr. Speaker: I wonder if I might give the house the information I undertook to obtain when this particular report was under discussion earlier. At this time the Leader of the Opposition raised the question of privilege about its tabling and the disposition with respect to the press.

I have ascertained that the practice in the Clerk's office is not to release documents which are tabled in accordance with the rule which I read, standing order 40, until 2.30 p.m. The logic behind this is that the rule permits such documents to be tabled by depositing them with the Clerk of the house on any sitting day. By perhaps an excess of caution the office of the house which receives these documents in the name of the Clerk does not consider that they have been received on a sitting day until the house actually sits. Therefore the authority to the distribution office of the house to distribute them is not given until that time. That is the explanation of part of the point which the Leader of the Opposition was making.

Mr. Fleming (Eglinton): Mr. Speaker, following the reference earlier this afternoon to this matter, the Leader of the Opposition sent over to me a copy of the Ottawa *Citizen* of Wednesday, March 15, 1961. At page 51 there is an article headed "Annual Report". The article, which bears the caption "By Bruce Phillips, Southam News Services" is undoubtedly a review or report upon the report of the governor of the bank which became available, as you have indicated, at 2.30 this afternoon. That was the time at which the tabling became effective, as you have now said and was the time appointed for its release by members of the press gallery or the press to whom it was made available yesterday. Therefore there can be no doubt that the news report on the report of the governor of the bank did appear in this edition of the Ottawa *Citizen* dated Wednesday, March 15.

I then caused inquiry to be made at the offices of the Ottawa *Citizen* to determine at what time this edition of the Ottawa *Citizen* was published. I am told that it was not published until 2.30 p.m. today. I am told further that the *Citizen* does not reach Ottawa newstands before 2.30 p.m.; that the *Citizen* is not delivered to any subscriber before 2.30 p.m., and that the embargo on the report was 2.30 p.m. I am further told that no copy of this newspaper could have come into the hands of any persons expect those in the trade, that is to say representatives of the two Ottawa newspapers, before 2.30 p.m. today.

Mr. Speaker, I can only infer therefore that the copy in question could not have come into the hands of the Leader of the Opposition before 2.30 p.m., but if he tells us that a copy did come into his hands before 2.30 p.m. I think he owes it to the house to tell us how such a copy came into his hands before 2.30 p.m. today.

Mr. Pearson: Mr. Speaker, certain points are not in dispute. The Bank of Canada report was given to the press yesterday though it was not to be made public, the minister says, until 2.30 p.m. this afternoon. The minister did not give to any member of parliament or the party leaders the same courtesy that he gave to the press. That is all the more astonishing because this afternoon we are about to discuss financial resolutions. This report would have been most helpful to the opposition if we had received it in time. The minister could have made this report available to members of parliament and the leaders of parties on the same basis that he made it available to the press. That would have been a courtesy, at least, to members of parliament, which was not extended to them.

Some hon. Members: Oh, oh.

Mr. Pearson: I did not secure this newspaper until I came into the House of Commons, but I was informed that this newspaper had been on the street before 2.30. If that information was wrong I will, of course, withdraw it, and I shall make inquiries, as the minister has made inquiries. I was given that information in good faith and if it is wrong I shall be glad to withdraw. The fact remains that the press had a copy of the Bank of Canada report the day before the minister had the courtesy to make that report available to members of this house in advance of a debate on the financial resolutions.

Mr. Fleming (Eglinton): I realize this is not an occasion for a debate, but I have two observations to make on the statement which has just been made by the Leader of the Opposition. First of all, the hon. gentleman regards it as a discourtesy to the house that copies of this report should have been made available to the press yesterday with a release date of 2.30 p.m. today, that being the time at which it became available to members of the House of Commons. We are being asked, apparently, to believe that this is something unusual. This is not unusual. It has been the practice followed with regard to these matters for years. It is the practice followed with respect to the budget; it is the

practice with respect to the estimates. There is no secret about this. It is a fact that the contents of the budget speech are made known to the press, and that has been the practice for many years. It was the practice when the Leader of the Opposition was a member of the government.

Mr. Pearson: That is not true.

Mr. Fleming (Eglinton): It is true, and it is useless for the Leader of the Opposition to deny that, because we have simply followed with respect to these various matters —the budget, the estimates and other matters —a practice which was well established before we came into office.

My second observation is that apparently the Leader of the Opposition is not aware of the nature of the business we shall be dealing with for the rest of the afternoon. We are not to be debating financial resolutions. We will have before us the second reading of the bill to amend the Income Tax Act, and what relevance the report of the governor of the Bank of Canada has to the second reading of particular amendments to the Income Tax Act is a conundrum which apparently only the Leader of the Opposition can explain.

Mr. Speaker: I have perhaps allowed the discussion on this question of privilege to go farther than usual before determining whether it is a question of privilege, because I know the house is jealous of its right to receive information from the ministry before any outside body does, or at least on equal terms with any outside agency. It has been asserted that the practice which was followed in this particular case was in accordance with previous practice.

I do not myself recall any precedent for a question of privilege being sustained on the basis that the press had been given documents required to be tabled in the house for release at the time of tabling. However, there may be a question involved, and if hon. members wish to consider the matter for future occasions as a consequence of this complaint they are free to do so. As it stands at the moment, the complaint seems to be based on suggestions of discourtesy.

[*Later:*]

Mr. Frank Howard (Skeena): I tried to obtain a hearing earlier to discuss one of the points raised by the Minister of Finance in connection with the question of privilege regarding the tabling of this document and giving it to the press.

Mr. Speaker: I have not found any prima facie question of privilege and, as I indicated earlier, there has been ample opportunity to express views on both sides. I do not wish to reopen the matter now, even though the hon. member did not have an opportunity to speak at the time.

Mr. Howard: May I rise on a question of privilege, then, to point out that the Minister of Finance gave to the house information which he said he had obtained from the Ottawa *Citizen* to the effect that the particular issue of that newspaper concerned was not on the streets until 2.30. I say the minister has misinformed the house in this regard because I myself was at the corner of Bank and Regent streets at fifteen minutes after two, and purchased a copy of the *Citizen* then.

Mr. Speaker: There is no question of privilege there. The minister gave the information he had obtained, as he indicated when he gave it.

BANKING AND COMMERCE

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. C. A. Cathers (York North) moved that the second report of the standing committee on banking and commerce, presented to the house on Monday, March 13, be concurred in.

Motion agreed to.

STARRED QUESTIONS

POST OFFICE BUILDING, PARENT, QUEBEC

Question No. 185—**Mr. Argue:**

1. Is it planned to build a new post office at Parent, Chapleau county, Quebec?
2. If so, has the land been bought on which the new post office will stand?
3. If so, (a) from whom (b) at what price?
4. Has a contract been awarded for the construction of the post office?
5. If so, (a) to whom (b) what is the amount of the contract?

Mr. Y. R. Tassé (Parliamentary Secretary to the Minister of Public Works): The answer to part 1 is yes. The answer to parts 2 and 4 is no. Consequently, parts 3 and 5 are not applicable. I might add that the delay regarding this project is due to the difficulty in obtaining a suitable site, and that site investigations are continuing.

ELECTRIC POWER TAX, NIAGARA-MASSENA

Question No. 186—**Mr. Mitchell:**

1. Does Canada impose a tax on electric power brought into Canada from Niagara Falls, New York, and then "exported" to Massena, New York?
2. How much power is thus transmitted from Niagara to Massena via Canadian territory?
3. What power lines are used in this transmission?
4. How long has this arrangement been in operation, and by what international or provincial-state arrangement?

Starred Questions

5. What is the annual revenue to the federal treasury from this export tax on the Niagara-Massena transmission?

6. Is any consideration being given to the removal of this tax in this particular instance? If so, for what reason?

7. What is the background of the tax law, what department administers it, and what department collects the tax?

Mr. E. L. Morris (Parliamentary Secretary to the Minister of Trade and Commerce): The answer to this question is as follows:

1. Yes, if such a transaction were to occur.
2. None.
3. Not applicable.
4. Not applicable.
5. Not applicable.
6. Not known to the national energy board.
7. Section 4(a) of the Electricity and Fluid Exportation Act of 1907 authorized the governor in council, by proclamation published in the *Canada Gazette*, "to impose export duties, not exceeding ten dollars per annum per horsepower, upon power exported from Canada . . ." Order in council P.C. 397 of March 16, 1925 implemented this provision by imposing a tax of three one-hundredths of a cent (.030¢) per kilowatt hour, to be collected by the Minister of Trade and Commerce on power exported after April 1, 1925. The rate remains unchanged, but since October 1, 1959, the Department of National Revenue collects such duties.

MAIL CONTRACT, ST. ODILON, QUE.

Question No. 187—**Mr. Racine:**

1. Has the Post Office Department invited tenders for the mail contract with respect to rural route No. 1 at St. Odilon, county of Dorchester?

2. If so: (a) on what date were tenders called? (b) what are the names of the tenderers, and what is the amount of each tender? (c) has the contract been awarded?

3. If not, when will tenders be called?

Hon. W. M. Hamilton (Postmaster General): The answer to this question involves a tabulation of names and amounts. May I ask that it be printed in *Hansard*?

Mr. Speaker: Is it agreed that the tabulation of figures be inserted in the record here as the minister's answer?

Some hon. Members: Agreed.

[*Editor's note: The answer referred to above is as follows:*]

1. Yes.

2. (a) January 5, 1961.

(b) Adelard Giguere, St. Odilon, $797.77; Imelda Giguere, St. Odilon, $798.00; Edmond Gilbert, St. Odilon, $835.00; Georges Nolet, St. Odilon, $849.00; Adonia Couture, St. Odilon, $888.00; Arthur Cloutier, St. Odilon, $965,00.

(c) No.

3. Not applicable.

[Mr. Mitchell.]

TAX-SHARING PAYMENTS TO QUEBEC

Question No. 188—**Mr. Chevrier:**

1. Have any payments been made to the government of Quebec under the Federal-Provincial Tax-Sharing Arrangements Act?

2. If so, have the payments made under the tax-sharing arrangements act been accepted by the government of Quebec?

3. Who was the premier of Quebec when the first payment was accepted?

Hon. Donald M. Fleming (Minister of Finance):

1. Yes.
2. Yes.
3. Hon. Maurice Duplessis.

POLAR SHELF HELICOPTER SERVICE EQUIPMENT

Question No. 189—**Mr. Chevrier:**

1. What equipment is required of a contractor to perform the helicopter services on both the continental polar shelf and the topographical survey?

2. As of this date, what equipment has Autair Helicopter Services Limited in its possession for these jobs?

3. What is the time allowed between major overhauls on Westland Sikorsky S-55 helicopters?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): The answer to this question is as follows:

1. For 1961 operations we require the contractor to supply: 4 Sikorsky S-55 helicopters equipped with float landing gear; 1 Sikorsky S-55 helicopter equipped with wheel landing gear; 1 Bell 47 G2A helicopter equipped with skid and float landing gear.

In addition, the following are required on all aircraft: (a) H.F. radio transceiver (b) V.H.F. radio transceiver (c) radio compass (d) gyro compass (e) cabin heater (f) engine heater and (g) engine and nose bubble covers and tie down equipment. Major and minor spare parts must also be readily available.

2. Autair Helicopter Services Ltd. report that on March 8, 1961, it had in its possession one Bell 47 G2A and four Sikorsky S-55 helicopters, and arrangements have been made for the fifth Sikorsky S-55. The necessary items of equipment required by the department are also reported to be available.

3. The Westland-built S-55 is not to be used on these projects in 1961.

UNEMPLOYMENT INSURANCE FUND

Question No. 190—**Mr. McMillan:**

What was the amount in the unemployment insurance fund at the end of February 1961, with securities (a) at par value (b) at the then market value?

Hon. Donald M. Fleming (Minister of Finance): The answer to this question is as follows:

Balance at credit of fund based on securities at cost price, $240,627,927.00.

(a) Securities at par value, $253,029,500.00.
(b) Securities at market value, $210,556,-168.75.

FRASERWOOD, MAN., POSTMASTER

Question No. 192—**Mr. Pickersgill:**

1. Who is the postmaster at Fraserwood, Manitoba?
2. On what date was he appointed, and under what authority?
3. Since the present postmaster was appointed, have any protests been received about his performance of his duties, and, if so, how many persons have protested, and what is the ground of protest?
4. What action has been taken as a result of any such protests?

Hon. W. M. Hamilton (Postmaster General): There is a good deal of information to be given in answer to this question, and I would ask that it be printed in *Hansard*.

Mr. Pickersgill: That would be quite agreeable.

Mr. Speaker: Does the house give consent to the printing of this answer as if it had been read?

Some hon. Members: Agreed.

[*Editor's note: The answer referred to above is as follows:*]

1. John Melenick.
2. (a) 13th September, 1960. (b) By Postmaster General under authority of section 5(1)(b) of the Post Office Act, chapter 57, 15 George VI.
3. (a) Yes. (b) 2. (c) location of post office and attitude of postmaster.
4. The representations have been studied, but no further action is contemplated.

INCOME TAX RETURNS, JACK DIAMOND, VANCOUVER

Question No. 193—**Mr. Howard:**

1. Since January 1, 1957, has a Mr. Jack Diamond of Vancouver, British Columbia, either in his capacity as an individual or as an associate with Pacific Meat Company Limited, Vancouver, British Columbia, completed and mailed or delivered any return of income as required by the Income Tax Act, and, if so, for which years?
2. Have any of the said returns been processed by the Department of National Revenue, and, if so, was it discovered that there was any wilful evasion or attempt at evasion to pay the proper tax payable by him, and, if so, what are the details of any such evasion or attempted evasion so discovered?
3. If the answer to question No. 2 is yes, was any action taken to (a) impose penalties and, if so, what were they, and (b) prosecute and, if so, what is the result of the prosecution?
4. Has the said Mr. Jack Diamond discussed the matter of his income tax returns with any cabinet minister, and, if so, what was the gist of those discussions, and the results thereof?

Hon. George C. Nowlan (Minister of National Revenue): I have not had an opportunity to discuss this question with my officials since I returned this morning, and I ask that it be allowed to stand for a week.

Motion stands.

MAGAZINE "THE POSTMARK"—PUBLICATION COSTS

Question No. 194—**Mr. Denis:**

What has been the cost to the federal government of the publishing of the magazine *The Postmark*, for each of the following fiscal years: 1957-58, 1958-59, 1959-60?

Hon. W. M. Hamilton (Postmaster General): The answer to this question is as follows:

1957-58, $35,238; 1958-59, $33,271; 1959-60, $33,982.

[*Later:*]

On the orders of the day:

Mr. Azellus Denis (St. Denis): I should like to direct a question to the Postmaster General. It has to do with his answer to the starred question as to the cost to the government of publishing the magazine "The Postmark". Do the figures include the French version of the same magazine, which is called "Le Cachet Postal"?

Hon. W. M. Hamilton (Postmaster General): I shall be glad to find out, Mr. Speaker.

CONFERENCE ON GRAIN MOVEMENT THROUGH PACIFIC PORTS

Question No. 195—**Mr. Howard:**

1. Who organized the recent Vancouver conference to expedite movement of grain through the Pacific coast ports?
2. What is the name, address, and organization or city represented by each person who attended the said conference?
3. Were any invitations issued to people, organizations, or communities to have representatives at the said conference, and, if so, to whom were such invitations issued?
4. What recommendations, if any, arose out of the said conference, and what action has been taken or is contemplated with respect thereto?

Mr. W. H. Jorgenson (Parliamentary Secretary to the Minister of Agriculture): The answer to this question is:

1. The conference was decided upon at a meeting held between the minister and the Canadian wheat board on February 9. Invitations were extended by the minister and the wheat board, and arrangements for the conference were made by the Canadian wheat board.

2. Invitations were issued to the following organizations:

Canadian Pacific Railway Company, Montreal; Canadian National Railways, Montreal; Vancouver chamber of shipping, Vancouver; Vancouver merchants exchange, Vancouver; Vancouver grain exchange, Vancouver; the shipping federation of British Columbia, Vancouver; national harbours board, Ottawa;

port manager, Vancouver; board of grain commissioners of Canada, Winnipeg; United Grain Growers Limited, Winnipeg; Pacific Elevators Ltd., Vancouver; Alberta wheat pool, Calgary; Saskatchewan wheat pool, Regina; the port warden, Vancouver; the international longshoreman's union, Vancouver; the grain handlers union, Vancouver; the Canadian wheat board Winnipeg; the Department of Agriculture, Ottawa.

If the hon. member wishes the names of individuals, we will have to secure them.

3. Only the organizations listed in (2) above were invited and represented.

Representation was not sought from communities or private individuals.

4. The work of the conference is being continued by two committees, one committee dealing with immediate problems and one committee dealing with long range problems. It is expected that the conference will reconvene in a short time to consider primarily the report of the first named committee.

POSTMASTER, LOUISEVILLE, QUE.

Question No. 196—**Mr. Denis:**

1. Since September 1, 1960, has a competition been held by the civil service commission for the appointment of a postmaster at Louiseville, county of Berthier-Maskinonge-Delanaudiere, Quebec?

2. If so: (a) on what date? (b) who were the candidates at the said competition? (c) what are the names of the candidates entitled to veterans preference?

3. Is the result of such competition known? If so: (a) what are the marks given to each candidate? (b) who has been appointed to the said position?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the answer to part 1 is yes. With respect to parts 2 and 3, the competition was held on December 12, 1960. There were five candidates of whom three qualified in the following order: Mr. Marc Paul, Mr. J. Camille Bellemarre, and Mr. Roger Hogue. The results of this competition have been announced.

It is the policy of the commission not to divulge the names of unsuccessful candidates in any given competition. Similarly, the commission considers it in the public interest to regard the marks obtained by any candidate as confidential.

Of the five candidates in this competition, two were entitled to the veterans preference. Neither qualified. The top-ranking candidate, Mr. Marc Paul, has now been offered and has accepted the position.

(Translation):

[*Later:*]

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I address a question to the Minister of Transport in his capacity of Acting Secretary of State?

[Mr. Jorgenson.]

In reply to a starred question, he informed the house that the new postmaster at Louiseville is one Mr. Paul. Could the minister tell us if this Mr. Paul is a veteran, and if he was granted veterans' preference?

Mr. Balcer: Mr. Speaker, I am informed that this applicant was much better qualified than the others and was selected on the basis of those qualifications.

(Text):

ADDRESS ON NUCLEAR WAR SURVIVAL BY MAJOR W. J. P. STYLES

Question No. 197—**Mr. Argue:**

1. Is Major W. J. P. Styles nuclear staff officer at headquarters, Saskatchewan area?

2. Did he recently address the Knox Metropolitan United Church men's club in Regina on "Survival in a nuclear war"?

3. If so, did he (a) discount the chemical and genetic effects on the human organism of strontium 90, carbon 14, iodine 131, and other products of nuclear explosions as unproven? (b) dismiss the possibility of intercontinental contamination of the atmosphere as a novelist's dream? (c) deny the correlation between strontium 90 intake and leukemia and bone cancer?

Mr. Egan Chambers (Parliamentary Secretary to the Minister of National Defence): Mr. Speaker, some information in relation to this question has to be obtained from Saskatchewan. I would ask that the question stand.

Question stands.

NORTHUMBERLAND STRAIT—MODEL STUDY

Question No. 198—**Mr. McWilliam:**

1. Has the national research council undertaken a model study of a proposed crossing of the Northumberland strait?

2. If so, when will it be completed?

3. If completed, what is the result of the model study?

Mr. Y. R. Tassé (Parliamentary Secretary to the Minister of Public Works): Mr. Speaker, I have not yet received the information requested in certain parts of this question. The same applies to questions Nos. 199 and 200. I wonder if the hon. member in whose name they appear would allow these questions to stand?

Mr. Speaker: Shall questions Nos. 198, 199 and 200 stand?

Some hon. Members: Agreed.

Questions stand.

PROPOSED CONSOLIDATION OF CHEMICAL AND PAPER COMPANIES

Question No. 201—**Mr. Fisher:**

1. Has the proposed consolidation of Dominion Tar and Chemical Company, Howard Smith Paper Mills, and St. Lawrence Corporation Limited, been

drawn to the attention of the director of investigation and research (Combines Investigation Act)?

2. If so, when, and to what effect?

3. Has any communication of any kind, commenting on the consolidation, gone forward from the director or the minister to any of these corporations?

Hon. W. J. Browne (Acting Minister of Justice): Mr. Speaker, this matter came to the attention of the director when it first appeared in press reports and, in accordance with the usual practice, was immediately examined in some detail to determine whether the situation warranted inquiry. The general practice, however, is that no information is given out as to whether a particular inquiry is being pursued unless and until a report is published.

MAIL CONTRACT, KITIMAT-TERRACE, B.C.

Question No. 202—**Mr. Howard:**

1. What person or company holds the contract for mail delivery between Kitimat, British Columbia, and Terrace, B.C.?

2. What schedule of rates apply?

3. What is the departure time from Kitimat, and the sort of mail carried each scheduled run?

4. When did the current mail contract become effective?

5. Was the contract let on the basis of tenders called, and, if so, who were the competing bidders, and the amount so bid by each?

6. What has been the total amount of money to date paid to the holder of this contract?

7. Have there been, since July 1, 1960, any complaints about this particular service, and, if so, from whom were such complaints received, and the nature of each?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, this is a rather involved answer, and I would ask that it be printed in *Hansard* without being read.

Mr. Speaker: Does the house agree that the answer be printed without being read?

Some hon. Members: Agreed.

[*Editor's note: The text of the answer above referred to is as follows:*]

1. Kitimat Express Limited.

2. $6,630 per annum; effective 30 March 1960, at which time number of trips increased by 50 per cent.

3. (a) 8 a.m. daily except Sunday. (b) All classes of mail.

4. 1 November 1959.

5. Yes, Kitimat Express Limited, Box 1090, Kitimat $4,680.00; B.S.A. Transfer Limited, Box 1074, main Post Office, Kitimat (in figures), $6,657.60, (in writing), $6,507.60; Harold R. Annett, Kitimat, $6,750.00; Farwest Transportation Limited, (E. Fabbi) Box 1091, Kitimat, $7,467.00; Tyakoff Luboumir, Box 993, Nechako, P.O., Kitimat, $10,300.00; Otto Van Barneveld, Box 520, Terrace, $13,500.00; Terrace Transfer Limited, Box 938, Kitimat, $13,518.00.

6. Under temporary arrangement, 28 April 1958 to 31 October 1959, $7,855.09. Under contract, 1 November 1959 to date, $8,074.02. Total, $15,929.11.

7. No, not at headquarters; inquiry being made.

EMPLOYMENT SERVICE, HAMILTON—PARTICIPATION IN PROGRAM "CLOSE-UP"

Question No. 203—**Mr. Pickersgill:**

1. On what date was the national employment office in Hamilton approached to participate in the "Close-Up" program entitled "A Matter of Pride"?

2. What official made the decision that the employment service should participate?

3. Was anyone in Ottawa, either in the unemployment insurance commission or the Department of Labour, advised of this decision, and, if so, who?

4. Did anyone in the employment service have any preview of the program, and, if so, who?

5. Was anyone in Ottawa advised by the employment service in Hamilton that the program would appear on Tuesday, March 7, and, if so, who was advised?

Mr. R. D. Thrasher (Parliamentary Secretary to the Minister of Labour): Mr. Speaker, the answer to the five parts of this question is as follows:

1. February 2, 1961.

2. Commissioner C. A. L. Murchison.

3. No.

4. No.

5. The Hamilton local office through the Toronto regional office advised Mr. F. G. Flint, director of public relations at the head office of the unemployment insurance commission, Ottawa.

MOTIONS FOR PAPERS

ORDERS IN COUNCIL FIXING DUTIES

Motion No. 50—**Mr. Benidickson:**

For copies of orders issued by the Minister of National Revenue since December 1, 1958, under the provisions of section 38 of the Customs Act for the purposes of fixing duties.

Motion agreed to.

RESOLUTIONS RESPECTING SECTION 96A OF INDIAN ACT

Motion No. 78—**Mr. Howard:**

For a copy of all instructions issued by the Minister of Citizenship and Immigration or the Indian affairs branch to Indian superintendents or others regarding the steps to be taken with respect to resolutions by Indian band councils asking that section 96A(2) be brought into force; and for a copy of all telegrams, correspondence, or other documents exchanged between the abovementioned parties since July 1, 1960.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, correspondence and instructions exchanged and issued within the department to departmental officials are privileged. I am not sure

what the hon. member means by the words "or others". If there is any other information which the hon. member wishes I will see if we can procure it for him if he will be explicit.

Mr. Howard: The rest of it would not make much sense without the other documents referred to in the motion. I think it should be either accepted or rejected in its entirety.

Mr. Speaker: Do I understand that the minister accepts the motion subject to the expressed limitations?

Mrs. Fairclough: No, Mr. Speaker. All the information that is available was given in the house on March 8, as appears at page 2786 of *Hansard*, with the exception of what I have described as departmental correspondence and instructions which are deemed to be privileged.

Mr. Speaker: Does the hon. member wish to proceed?

Mr. Howard: Yes, Mr. Speaker.

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

YEAS

Messrs:

Argue
Fisher
Herridge
Howard
Martin (Timmins)
Peters—6.

NAYS

Messrs:

Aiken
Aitken, Miss
Allard
Allmark
Anderson
Badanai
Balcer
Baldwin
Barrington
Baskin
Batten
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Benidickson
Bigg
Bissonnette
Bourget
Bourque
Brassard (Chicoutimi)
Brassard (Lapointe)
Broome
Browne (St. John's West)
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Cardin
Carter
Casselman, Mrs.
Cathers
Chambers
Charlton
Chevrier
Chown
Churchill
Clermont
Coates
Comtois
Cooper
Creaghan
Crouse
Danforth
Denis
Deschatelets
Dinsdale
Drysdale
Dubois
Dumas
English
Eudes
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flemming (Royal)
Forbes
Frechette
Garland
Gillet
Grafftey
Granger
Green
Grenier
Grills
Gundlock
Habel
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (York West)
Hanbidge
Harkness
Hellyer
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Howe
Johnson
Jones
Jorgenson
Jung
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
Lambert
Latour
Leduc
Legere
Lennard
Lessard
Letourneau
Loiselle
Macdonnell
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McIlraith
McLennan
McMillan
McPhillips
McQuillan
McWilliam
Mandziuk
Martel
Martin (Essex East)
Martineau
Matthews
Meunier
Michaud
Milligan
Mitchell
Monteith (Perth)
Monteith (Verdun)
Montgomery
More
Morissette
Morris
Morton
Muir (Lisgar)
Murphy
Nasserden
Nielsen
Nixon
Noble
Nowlan
Nugent
O'Hurley
O'Leary
Ormiston
Parizeau
Pascoe
Payne
Pearson
Phillips
Pickersgill
Pratt
Pugh
Racine
Rapp
Ratelle
Regnier
Ricard
Richard (Kamouraska)
Richard (St. Maurice-Lafleche)
Robichaud
Robinson
Rogers
Rompre
Sevigny
Simpson
Skoreyko
Slogan
Small
Smallwood
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Starr
Stearns
Stefanson
Stewart
Tardif
Tassé
Taylor
Thomas
Thompson
Thrasher
Tremblay
Tucker
Villeneuve
Vivian
Webb
Weichel
White
Winkler
Woolliams
Wratten—199.

FRASERWOOD, MAN., POSTMASTER

Motion No. 79—**Mr. Pickersgill:**

For a copy of any protests, petitions, or communications received by the Postmaster General or any official of the Post Office Department

regarding the conduct of the postmaster at Fraserwood, Manitoba, since the appointment of the present postmaster.

Motion agreed to.

POLAR SHELF PROJECT—TARIFF RATES FILED

Motion No. 80—**Mr. Chevrier:**

For a copy of the tariff rates filed with the air transport board by Spartan Air Services Limited, Kenting Helicopters Limited, Okanagan Helicopters Limited, and Autair Helicopters Limited, which were seeking a contract from the Department of Mines and Technical Surveys for the continental polar shelf project for 1961.

Motion agreed to.

GLEN EXELBY

Motion No. 82—**Mr. Howard:**

For a copy of all records of Mr. Glen Exelby that are on file with the unemployment insurance commission or the national employment service or on file with any branch thereof; and for a copy of all correspondence, telegrams, or other documents exchanged between Mr. Exelby and the unemployment insurance commission or the national employment service or any branch thereof since September 9, 1960; and for a copy of all correspondence, telegrams, other documents, or records of telephone conversations between the Minister of Labour and the unemployment insurance commission or the national employment service or any branch, officer, or employee thereof since January 1, 1961, relating to the said Mr. Exelby.

Hon. Michael Starr (Minister of Labour): I have discussed this motion with the unemployment insurance commission and they have said to me that since Mr. Exelby has already made public his dealings with the national employment service, the commission deems it advisable under the present circumstances to make available the documents requested by the hon. member for Skeena which are in the possession of the commission. However, I wish to point out, Mr. Speaker, that this position of the commission is not to be looked upon as a precedent.

Motion agreed to.

COMMONWEALTH RELATIONS

SOUTH AFRICA—REPORTED WITHDRAWAL FROM COMMONWEALTH

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Acting Prime Minister if he can confirm or deny a report that the nation of South Africa has withdrawn from the commonwealth as the result of a decision taken in London. If so, has he any comment to make on that withdrawal?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, the position is that South Africa has withdrawn its application to remain in the commonwealth after becoming a republic. This, of course, does not mean South Africa has withdrawn from the commonwealth, but she has withdrawn her application to be allowed to remain in after becoming a republic. The date set for South Africa to become a republic is in May, but at the moment I am not sure of the exact date. It would appear, therefore, that the situation will continue as it is at present until South Africa actually becomes a republic.

I am not in a position to make any further comments on this development which took place this morning. It is expected that the Prime Minister will be back in the house on Friday morning, and I am quite sure he will be making a detailed report to the house at that time.

UNITED NATIONS

SOUTH WEST AFRICA—REQUEST FOR STATEMENT ON CANADA'S ABSTENTION FROM VOTES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): In the light of the government's stated position on apartheid, I wonder if the Acting Prime Minister would care to explain to the house why Canada abstained from voting at the United Nations on a motion designed to end racial discrimination in South West Africa and place this area under United Nations trusteeship.

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, the facts in connection with this vote at the United Nations yesterday or the day before are as follows. The original draft resolution on South West Africa was introduced only on the morning of March 13. During the debate the resolution was extensively amended and in this altered form it was rushed to a vote that same afternoon. In the debate the Canadian delegation said that we would regret it if an immediate vote was taken on this important and complex resolution, since it had not been possible in the short time available to receive instructions. The delegation explained that if a vote were taken Canada would abstain solely—and this is the key to my answer—because there was inadequate time to receive instructions, and this would not indicate our position on the substance of the resolution. A similar stand was taken by several countries, including Ghana. All these countries urged that time be given to get instructions from their respective governments.

The resolution will now move from the committee stage to the plenary session of the United Nations and there, after due consideration in the department, instructions have been given for our delegation to vote for the resolution.

Inquiries of the Ministry

TRADE

"CLASS OR KIND MADE IN CANADA"—REPORTED STATEMENT BY REVENUE MINISTER

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of National Revenue. Can the minister assure the house that the United States authorities are satisfied that the proposed changes in the customs tariff are in no way an infraction of our international obligations?

Hon. George C. Nowlan (Minister of National Revenue): I do not think I am in a position to read the minds of officials of another nation, or to speak for them. There was a full, frank and free discussion of this matter yesterday. I am sure there is no area of misunderstanding with respect to it.

While I am on my feet I should like to refer to a question which the hon. member asked of the Acting Prime Minister in respect of this matter, at which time the hon. member referred to an alleged statement I had made that this legislation would not be used against the United States. In that connection, Mr. Speaker, the hon. member was as far afield as the opposition has been generally in the debate on this matter. What I said, as reported in the Toronto *Star*, was that this legislation is not designed to discriminate against the United States, and to "discriminate" is quite different from being used. The C.B.C. quotation, to which the hon. gentleman referred in his question and which I received today, a short time ago, quotes me as saying that the proposals are not designed to discriminate against the United States. That is an actual quotation of my words as reported by the C.B.C. and the Toronto *Star*.

Mr. Chevrier: I have a supplementary question, Mr. Speaker. The report I had before me at the time was entitled "Tariff Changes not Aimed at United States, Nowlan said". What difference does the minister make, in the application of the class or kind of goods made in Canada legislation, as between the United States and other countries?

Mr. Nowlan: None whatsoever, Mr. Speaker. The first thing to do would be for the House of Commons to pass the legislation. When we get that belated action we will apply the act in accordance with the law.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wish to direct a supplementary question to the minister. Can the minister say whether the law is actually being enforced at the present time, as was announced by the Minister of Finance, if I am not mistaken, on budget night?

[Mr. Green.]

Mr. Nowlan: Mr. Speaker, I am not sure what the hon. member means by his question. The law as it exists today is being applied by the Department of National Revenue and of course will continue to be applied in accordance with the law of the country.

Mr. Pickersgill: Mr. Speaker, on the point raised by the minister, the Minister of Finance announced in his budget speech that these changes in the tariff would go into effect immediately.

PROPOSED U.S. RESTRICTIONS ON TOURIST IMPORTS

On the orders of the day:

Mr. J. R. Garland (Nipissing): Since the Minister of Finance made no reference to this subject matter in his report to the house earlier today, could he say whether any representations were made during the recent ministerial visit to Washington in respect of the proposed reduction by the United States of duty free tourist purchases to $100? If so, has he any comment to make?

Hon. Donald M. Fleming (Minister of Finance): Views were certainly expressed on this subject by the Canadian ministers. We pointed out that already the balance of tourist purchases and expenditures as between Canada and the United States is very heavily in favour of the United States. Indeed, the Canadian deficit on this one item in our accounts between Canada and the United States amounted last year to $100 million. This is not an unusual figure; it has been running at figures like that for some time.

The view was strongly put forward by the Canadian ministers that in these circumstances there was no occasion whatever for the United States administration to take steps to curb purchases by American tourists in Canada. The United States has the problem of a deficit on the tourist trade over-all which runs into a very substantial figure. Indeed, last year it amounted to about $1 billion. But that is the over-all position. We, representing Canada at these meetings, pointed out that the situation is the reverse in relation to tourist purchases as between Canada and the United States.

Mr. Garland: A supplementary question. Would the minister care to comment on the response which was accorded to those representations?

Mr. Fleming (Eglinton): Those representations received a very courteous hearing.

CHRISTMAS TREE LIGHTS—PRICES FOR EXPORT

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I should like to direct a question to

the Minister of Trade and Commerce but in his absence perhaps his parliamentary secretary might deal with it. Could the minister use his influence with Canadian General Electric to get them to set a price on bulbs for Christmas tree lighting so that exporters supplied by that company will not be prevented from promoting exports and making sales?

Mr. Speaker: I suggest that the hon. member might bring up such a matter on the estimates. After all, Christmas is either past or coming—I am not clear which—and if we deal with all questions that occur to hon. members we will not be out of here by Christmas.

SPORTS

HOCKEY—SUGGESTED ISSUE OF SILVER DOLLARS TO COMMEMORATE WORLD CHAMPIONSHIP

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Finance. In view of the fact that the Trail diamond jubilee society desires a special strike of 25,000 silver dollars to commemorate the Trail diamond jubilee and the winning of the world hockey championship by the Trail Smoke Eaters, would the minister inform the house whether arrangements can be made for the Royal Mint to strike these silver dollars with a suitable and acceptable design?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I am sure that all hon. members congratulate the Trail Smoke Eaters on their really magnificent victory. It is a matter of satisfaction to all Canadians. I have today received a telegram from the Trail diamond jubiliee society on the same subject and containing a similar proposal. However, it takes a minimum of six months to produce a newly designed silver dollar of proper quality. The overhead cost is also quite large, and unless a quantity of coins many times 25,000 is produced it would be a costly operation. It has long been the practice to produce commemorative coins only for events of a unique nature and national significance. Obviously this event is one of national significance, but I do not think any hon. member will say it is a unique event for a Canadian team to win a world championship. It has happened before and I am sure all hon. members are confident that it will happen many times in the future.

Mr. Herridge: I have a supplementary question, Mr. Speaker. Would the minister not say it was a unique event in Canadian history for a city's team to win the world hockey championship during the year the city was celebrating its sixtieth anniversary?

Inquiries of the Ministry

OLD AGE ASSISTANCE

REPORTED SUGGESTION AS TO MEANS TEST FOR OLD AGE PENSIONS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to address a question to the Minister of National Health and Welfare based on a statement he is purported to have made to a Toronto delegation seeking increased old age pensions. The minister is reported as having said that a means test might have to be applied for any increase over the existing basic amount. Are we to understand that this is a new declaration of government policy?

Hon. J. W. Monteith (Minister of National Health and Welfare): Certainly not, Mr. Speaker, and any time there is a change in government policy it will be announced to the house in the usual way.

BUSINESS OF THE HOUSE

BANK OF CANADA—CONSIDERATION OF REPORT BY COMMITTEE

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to direct a question to the Minister of Finance. In view of the fact that the banking and commerce committee has not considered a report of the Bank of Canada since 1956—in other words, not during the regime of the present Minister of Finance—would the minister use his good offices to give the nod to the chairman of the committee, the hon. member for York North (Mr. Cathers) and government supporters sitting on the committee to perhaps assure that this might be done in this 1961 session with respect to the 1960 report of the Bank of Canada?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I expect to make a statement in the house on this subject next week, after hon. members have had an opportunity to peruse the report.

INQUIRY AS TO PROVISION OF INTERIM SUPPLY

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Finance. Inasmuch as the treasury will shortly run out of authority to spend money, is it his intention to introduce an interim supply bill before the Easter recess and, if so, when will that take place?

Hon. Donald M. Fleming (Minister of Finance): Yes, Mr. Speaker. Subject to arrangements being made by the leader of the house, it would be my intention to move for

a vote of interim supply next week for the months of April and May in the new fiscal year.

FINANCE

SPEECH IN NEW YORK BY GOVERNOR OF BANK OF CANADA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Minister of Finance a question. Has the minister any comment to make on the speech delivered in New York last week on the monetary and fiscal policy of Canada by the governor of the Bank of Canada?

Hon. Donald M. Fleming (Minister of Finance): I became aware, after the speech had been made, that the governor of the Bank of Canada had made a speech there. Since that time I have received a copy of that speech, and I presume the Leader of the Opposition has also received a copy.

I take no responsibility whatever for the contents of that speech or for any views expressed in it. The governor of the bank did not consult me before he made it. He did not undertake to speak for the government, and anything contained in that speech is his responsibility. I disclaim any responsibility for anything contained in it. I wish to make that very clear. I am not consulted by the governor of the bank about the speaking engagements he accepts. That has not been the practice.

Mr. G. J. McIlraith (Ottawa West): A supplementary question. I should like to ask the Minister of Finance if that speech fairly expresses government policy on the subject.

Mr. Fleming (Eglinton): Government policy is declared by the responsible ministers of the government, who are responsible to parliament for their declarations in this respect. Government policy is not declared by the governor of the Bank of Canada.

Hon. Paul Martin (Essex East): A further supplementary question. In respect to those matters in that speech which are not in accord with government policy, what action does the Minister of Finance or the government propose to take?

Mr. Fleming (Eglinton): We shall continue to regard ourselves as servants responsible to parliament. We shall not seek to override the enactments of parliament. It will remain for parliament to decide in those circumstances what is the proper course to be taken.

[Mr. Fleming (Eglinton).]

REQUEST FOR REPORT ON SMALL BUSINESS LOANS

On the orders of the day:

Mr. Frank Howard (Skeena): I have a question for the Minister of Finance. On March 9 the hon. member for Port Arthur asked the minister whether he could give us any information regarding the first month's operations respecting small business loans, to which the minister replied that the report was not available. Can the minister indicate to the house whether the information is available now and, if so, what it is?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, a starred question has appeared in *Votes and Proceedings* on this subject today. May I say that the lending operations under this act started only about one week before the end of January. Frankly, I think information relating to that short period, even if it becomes available, will be of very little use. I was going to suggest when the question was reached, unless the information to February 28 is available, that perhaps it might be better to wait until we have information to February 28. But again, that is a question of another hon. member, and I presume it will not be reached until next Wednesday.

CANADIAN BROADCASTING CORPORATION

HOCKEY—REQUEST FOR TELECAST OF TORONTO-MONTREAL GAME

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): I wish to address a question to the Minister of National Revenue. Would the minister inquire from the C.B.C. about the possibility of televising from coast to coast an event of national interest which is to take place in the Forum at Montreal on Thursday night, between the Montreal Canadiens and the Toronto Maple Leafs?

Hon. George C. Nowlan (Minister of National Revenue): Without making any inquiries at all I am sure I can say that a lot of Canadians would like to have the opportunity to watch that event on television.

COMMONWEALTH CONFERENCE

REPORTED PROPOSAL RESPECTING COMMONWEALTH FLAG AND HYMN

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to ask the Acting Prime Minister if he could tell us whether the Canadian representatives now in London, particularly the Secretary of State, the hon. member for Bellechasse (Mr. Dorion) have presented to the

commonwealth conference the proposal mentioned in today's issue of *Le Devoir* that the union jack be adopted as the flag of the commonwealth and that "God Save the Queen" should be the royal hymn of the commonwealth.

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I am not in a position to comment on that proposal.

PUBLICATIONS

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Acting Prime Minister whether it is expected that the report of the royal commission on United States publications presided over by Mr. Grattan O'Leary will be received soon?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I will have inquiries made about that report. I am not in a position to say at the moment.

LABOUR CONDITIONS

GLEN EXELBY—REFERENCE OF MATTER TO COMMITTEE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Acting Prime Minister, and ask whether in view of the statement made by the C.B.C. corroborating the declarations made by Mr. Exelby the hon. gentleman does not think the government should take the initiative in sending this whole matter to a committee of the house for study.

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, my main reaction to this question is amazement that the Liberal party would be following this big hoax with so much excitement and anticipation.

Mr. Chevrier: A supplementary question, Mr. Speaker. Has the Acting Prime Minister read the statement made by the C.B.C., and has he seen the words in it to the effect that the situation referred to therein was true and that the unemployed salesman, Mr. Exelby, who was the central figure in the program, was "honourable and straightforward" in his dealings with the corporation?

Mr. Green: If hon. members opposite wish to ask questions about this situation I cannot understand, Mr. Speaker, why they do not raise them in the committee which is dealing with the C.B.C. at the present time instead of coming into the house and asking questions which should not be asked on orders of the day.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Acting Prime Minister if he now considers this program to have been a big hoax?

Mr. Green: Yes, Mr. Speaker, I certainly do.

Hon. Paul Martin (Essex East): Mr. Speaker, does the Acting Prime Minister by that statement wish to imply that the situation of unemployment in this country was not adequately represented by the program over the C.B.C.?

Mr. Speaker: Order. I think that this series of questions and answers is tending to become a debate, and that further questions might better be kept for a time when this matter could be properly debated.

[*Later:*]

Mr. J. R. Keays (Iles-de-la-Madeleine): Mr. Speaker, I should like to ask the Minister of Labour whether he has any comment to make on the C.B.C. statement issued to the press today.

Mr. Speaker: Order. The hon. member will recall that this matter was the subject of a question earlier in the proceedings, and I think it was dealt with. I do not know whether the minister wishes to accept the question.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I was very much interested to hear the hon. member for Laurier set out certain parts of this C.B.C. statement, but I regret that he did not set out the last part, which states that the program should have given the precise chronology of the periods of Mr. Exelby's employment and this it failed to do. That was exactly my point, Mr. Speaker.

Mr. Pickersgill: And so did the minister.

WINTER WORKS PROGRAM—REQUEST FOR TABLING OF STATISTICS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour if he is now in a position to give us the information regarding local statistics of the government's winter works program as he promised last Thursday he would do as reported at page 2815 of *Hansard*?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, that information was sought when we were discussing the estimates of the Department of Labour and I thought at that time that it was required when we next discussed those estimates. However, if the hon. member wishes this information tabled now or tomorrow I shall be glad to undertake to do so.

Mr. Martin (Essex East): As early as possible.

Inquiries of the Ministry

(Translation):

CANADIAN NATIONAL RAILWAYS

MONTREAL—REPORTED LAY-OFFS OF CLEANING PERSONNEL

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to put a question to the Minister of Transport.

According to the reply given yesterday by the minister concerning the lay-off of the 160 maintenance employees at the C.N.R. head office, only 40 of them, therefore, are sure of keeping their job whereas Canadian National will do everything possible to find work for the others. This is my question. What will happen to those for whom no job will be found? Will they find themselves out of work after working for the C.N.R. all those years?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I feel that in the circumstances, the C.N.R. authorities are showing a fine sense of responsibility. They have submitted several proposals already and I am convinced that they will be able to be of some use to these people. I am confident that the great majority of the C.N.R. employees in that building will be taken on again and that the Quebec government which will occupy the two present buildings will also be in a position to assist a substantial number of employees.

Mr. Johnson: Write to Mr. Lesage.

Mr. Chevrier: Mr. Speaker, I do not wish to question the attitude of C.N.R. authorities, but as the present minister is aware, his predecessor stated on several occasions that laid-off employees would be taken on again and they were not in all cases. That is why I put this question and I am not satisfied with the reply.

(Text):

Mr. Speaker: Order. Is the hon. member asking a further question or is he seeking to comment on what has been said?

(Translation):

Mr. Chevrier: Mr. Speaker, I wish to ask a supplementary question.

Why did the C.N.R. fail to notify its employees of this situation months ago instead of waiting until last week and giving them only a 60-day notice?

Mr. Balcer: Mr. Speaker, this question comes strictly under the jurisdiction of the railway authorities. I cannot explain why this procedure was followed. But, to revert to the first question of the hon. member, I should like to tell him that the procedure which will be followed and what will happen to those who will not be taken on again will be exactly the repetition of what happened in other similar cases, in accordance with the various collective agreements or the various agreements entered into between the employer and the employee through negotiations.

Mr. Chevrier: Does the minister consider a 60-day notice satisfactory in the circumstances?

(Text):

Mr. Speaker: I think the hon. member is pursuing a matter which is an administrative decision of the railway rather than of the ministry, and all he could ask would be to get further information.

Mr. Chevrier: On a question of privilege, Mr. Speaker, I am not going to pursue it because I have asked three questions and I agree that is enough under the orders of the day; but I would bring to your attention the fact that while it is a matter of administrative responsibility of the Canadian National Railways, none the less there is no way in which the house can get information other than through the responsible minister, who is the Minister of Transport. If this position is to be taken, then on any matters concerning the Canadian National Railways or, for that matter, crown corporations, we will not be able to obtain information which we must have from time to time.

Mr. Balcer: On this point, Mr. Speaker, the hon. member knows very well, because he was previously in this portfolio, that every time questions are asked in the house that are directly relevant to the management of the C.N.R. I have to bring to the house information supplied by the management. So far this session I have always brought to the house detailed information supplied in answer to questions asked. This afternoon the hon. member is asking my opinion as a private citizen; whether I feel that 60 days are the right number of days, or whether 50 days or 70 days would have been better. Well, I am not sure; maybe 120 days or 300 days would have been better, but it is strictly a question of opinion. It is a question for the administration of the C.N.R. and the information should not come directly from me. I shall be very pleased to forward any questions that are relevant to the management of the C.N.R. and bring the information to the house.

Mr. Chevrier: It is the same kind of question that we were asked from day to day when we were on the other side of the house.

Mr. Balcer: And you did not answer it, either.

Mr. Chevrier: You certainly got more information than we are getting now.

Mr. Speaker: The question before the house was one of privilege raised by the hon. member for Laurier. I think it has been satisfactorily discussed and disposed of. If the hon. member has a supplementary question to ask of the Minister of Transport would he defer it until the hon. member for Skeena has asked his question?

(Translation):

[*Later:*]

Mr. Maurice Johnson (Chambly-Rouville): Mr. Speaker, I should like to address a question to the Minister of Transport. In view of the fact that the building the hon. member for Laurier (Mr. Chevrier) was referring to in his question was sold by the C.N.R. to the government of the province of Quebec, could the Minister of Transport ask the C.N.R. management to suggest to the province of Quebec, at the time they sign their contract, to hire the employees that were laid off because of the sale of that building?

Could that suggestion be forwarded to the minister of public works of the province of Quebec?

(Text):

Mr. Speaker: I am not sure that I followed the question, but if I did it related to a contract between the C.N.R. and the province of Quebec, which would be beyond the responsibility of the minister. If I am in error perhaps the minister will be able to deal with the question.

EXTERNAL AFFAIRS

ETHIOPIA—ESTABLISHMENT OF DIPLOMATIC RELATIONS

On the orders of the day:

Mr. Augustin Brassard (Lapointe): Mr. Speaker, in view of the announcement made earlier this afternoon by the Secretary of State for External Affairs with regard to the establishment of diplomatic relations between Canada and certain countries in Africa, and in view of the highly strategic role of Ethiopia in many countries in Africa, would the minister tell the house whether the Canadian government is considering the possibility of establishing diplomatic relations with Ethiopia?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, Canada and Ethiopia are on very friendly terms, but as yet there have been no negotiations leading to the establishment of diplomatic relations.

(Translation):

PRIVILEGE

MR. SEVIGNY—DELAY IN PROCEEDINGS OF HOUSE

On the orders of the day:

Hon. Pierre Sevigny (Associate Minister of National Defence): Mr. Speaker, I rise on a question of privilege which, I think, has a significant bearing on the rights and privileges of all hon. members.

Mr. Speaker, I feel that the work we have to perform in this house is serious work. Our task here is to see that certain legislation be adopted which is beneficial to the country in general. However, for a few days now, and in particular this afternoon—it is now a quarter to five—members of the opposition have been doing their best to make a great to-do about certain incidents relating to a television program. They are again trying to make political capital out of a normal situation—

(Text):

Mr. Speaker: Order. I think the hon. member misunderstands the use of privilege when he rises to make a general complaint of that kind and then deals specifically with some conduct which has already taken place. Everything which has happened here today has been done presumably in accordance with the procedure and rules of the house and by the members in the exercise of their rights as members of the house. If any member is abusing the privileges which he has as a member the time to take exception is when the occasion arises. While I appreciate the minister's concern, I think a general complaint of that kind is probably not a matter which should be raised as a question of privilege.

IMMIGRATION

INQUIRY AS TO DEPORTATION OF CANADIAN-CHINESE CITIZEN

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Minister of Citizenship and Immigration whether her department intends to persist in a line of conduct which will have the effect of exiling a Canadian citizen of Chinese origin—

Some hon. Members: Order.

Mr. Pickersgill: —while at the same time quashing the deportation order—

Mr. Speaker: Order. Would the hon. member ask a specific question instead of asking a question about a line of conduct, which

rather presents an argument? If there is a specific question to be asked, I would appreciate it if the hon. member would put it.

Mr. Pickersgill: Does the minister intend to persist in the deportation order which will have the effect of exiling a Canadian citizen of Chinese origin?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): The answer, Mr. Speaker, is yes.

Mr. Pickersgill: Could I also ask the hon. lady whether it is correct that her department or she has quashed the deportation order, with which she no doubt is quite familiar, with respect to an inhabitant of Thessalon?

Mrs. Fairclough: That is not correct.

Mr. Pickersgill: Could the hon. lady give the facts to the house?

Mrs. Fairclough: Mr. Speaker, I am a little surprised, because I presume the hon. member received his information from a newspaper report which described certain happenings in another legislature. If he had read the article to its conclusion he would have noticed that one of the speakers in that place made the statement that he had discussed the whole matter fully with the hon. member for Algoma, they had examined the information available and they had agreed that there was no basis for any action.

Mr. Nixon: Which Algoma?

HOUSING

MONTREAL—ALLEGED IRREGULARITIES IN APARTMENT CONSTRUCTION

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to direct a question to the Acting Minister of Public Works. Has the minister's attention been drawn to a Canadian Press story originating in Montreal to the effect that an investigation has uncovered evidence of inflated subcontract prices and nearly $75,000 in kick-backs to promoters during the construction of an apartment block in the northeastern part of the city, a project which was authorized by Central Mortgage and Housing Corporation?

Mr. Speaker: Order. I would ask the hon. member to consider whether he is not dealing with a matter of law enforcement, and not something that is an administrative responsibility of the Minister of Public Works.

[Mr. Speaker.]

Mr. Garland: If I may say so with respect, I think the fact that the project was authorized by Central Mortgage and Housing Corporation surely brings it within the purview of the minister.

Mr. Speaker: I am sorry; I cannot agree with the hon. member. Many crimes can be committed in the building of houses which were approved for construction by the corporation, and that would not make it a responsibility of the department. I think the hon. member's question is out of order.

INCOME TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-73, to amend the Income Tax Act.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, in view of the fact that almost three months have elapsed since the minister introduced his so-called bady budget on December 20, is he not going to give the house a statement, which he did not do at the resolution stage, as to the results of the measures proposed by him on December 20 which under our procedures became effective from the time of their announcement on baby budget night?

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Mr. Benidickson: Mr. Speaker, I have a few comments to make. The house will recall that on December 21, the day following the introduction of the so-called baby budget, I raised a question that was fairly common throughout the land, namely, why did the minister present a budget at all? I think the conclusion was reached that some board of strategy in the government party had decided that it would be good public relations and perhaps the minister was counselled by Mr. Grosart and others to introduce in midstream during the fiscal year what might appear to be radical economic changes. I suggested then that I thought that after reaching the decision to present a budget they found after a little examination that it was not a very appropriate time to go to the money market and carry on other necessary operations that would make possible—

Mr. Speaker: Order. I wonder if I might draw the hon. member's attention to the specific matter before the house and ask him whether he does not believe what he is now saying was more appropriate on the budget debate? We have now reached the stage of second reading of a bill arising out of the budget debate. It seems that there is not very much scope for general financial

discussions on the bill we have before us. I would hope that hon. members would treat the bill in that manner.

Mr. Benidickson: On that point, Mr. Speaker, may I say that I was about to draw to the attention of the house the fact that we have before us for second reading a bill which is founded on the 12 resolutions introduced on budget night. I believe that ten of those resolutions relate to the field of investment. Subsidiary to that, I suggest we would have to examine such items as the interest rate and, inasmuch as the resolutions referred specifically to foreign investments, we would have before us the very important question of the premium upon our dollar and its relationship to other currencies of the world.

We would have to consider also our imbalance of payments. As the Leader of the Opposition (Mr. Pearson) said this afternoon, it is most unfortunate that the Bank of Canada report was tabled today instead of yesterday. I do not believe the significance of this coincidence is properly understood by too many members of the house. I have indicated that ten of the 12 resolutions which were presented on budget night relate to such factors and have been imbedded in sections of the bill before us. These sections relate largely to financial and banking problems which inevitably would be referred to in the annual report presented by the governor of the Bank of Canada. His comments respecting 1960 are not available to me as I speak on this occasion. I have tried to be attentive to the debate that has been continuing since 2.30.

Mr. Aiken: That is right; it was a debate.

Mr. Benidickson: I referred to the proceedings of the house which, as I say, have continued, and very properly as the Speaker said, since 2.30.

I repeat that ten out of 12 of the budget resolutions imbedded in this bill relate to investments. These resolutions related substantially to the field of foreign investment and will have some repercussions on the premium rate on our dollar, interest rates, balance of payments and so on. This report of the Bank of Canada which, as I say, was presented after 2.30 today, is a larger document than ever before. For the benefit of those who read *Hansard*, I want to say that unless each of us went hourly every day from 2.30 until the adjournment of the house to the office in which documents of this kind are deposited, we would have no knowledge whatever of the documents tabled until the printed notice is published the following day—

Mr. Fleming (Eglinton): On a point of order, Mr. Speaker; we have before us a particular bill that proposes certain quite definite amendments to the Income Tax Act. Surely, on a motion for second reading of this bill the hon. member should confine his remarks to the principle of the bill, and what relevance the remarks of the hon. member have to the principle of the bill must stagger the imagination of anyone. He is complaining now about the rules of the house relating to the tabling of documents, and surely that has no bearing whatever upon the principle of this bill.

Mr. Speaker: I think the hon. member for Kenora-Rainy River (Mr. Benidickson) was perhaps exceeding the limits of the debate by referring to a matter which was before the house earlier. I did not object to his complaining he had not the report of the governor of the Bank of Canada, but actually what we are debating as the house has been reminded by the minister, is the principle of a bill which has a number of specific income tax provisions. I do believe the limit of the debate is the consideration of the effect of these specific provisions, if there is any general principle running through them, and if not then the principle of these many changes in the act.

Mr. Benidickson: My point was that ten of the principles that are incorporated in the sections of the bill we are now considering may relate in a very direct way to the recommendations in the Bank of Canada report that became available to us only at 2.30 today. I say it is unfortunate, inasmuch as there is a direct relationship between these ten items contained in this bill, that we did not have this report at an earlier stage. This is the point I make, and I think it is a valid point.

Now, Mr. Speaker, I did say during the budget debate that I felt the contents of this income tax bill were likely to prove very meagre because a decision was made to present a baby budget before it was decided what might be available to put in it. Almost three months have elapsed since the introduction of the resolutions, and my view in that respect has not changed in the interval. I feel that instead of deriving much advantage from this bill a fair amount of damage has been done to this country in its present economic situation, and particularly in its relationships with foreign countries which traditionally have made substantial investments in Canada.

In the first place, I find that there is not too much here that is very trenchant or very vital. On the other hand, as a result of the talk in connection with this baby budget I

feel that there has been created abroad quite a blurred image in respect of intentions. I do not need to advance that as my own opinion. I did indicate that I spent a month in New York towards the end of 1960 and I was astonished to find the extent of the anxiety of ex-Canadians who were working in New York as to the possible effects upon Canada, not upon their new country, of what was announced in the speech from the throne and in the baby budget.

Mr. Fleming (Eglinton): May I ask the hon. gentleman a question? What date was it he left New York?

Mr. Benidickson: I was back for the baby budget. I was away of course, all through November, but I was back subsequent to the introduction of the baby budget. I think this confusion, rather than the direct effects of this bill, is causing great irratation and is doing Canada no noticeable good in other sections of the world.

There is a danger of creating wrong impressions, even though they may be inadvertently created. The minister must have sensed this danger. Certainly another hon. member of this house has already spoken on this point. I refer to the much admired hon. member for Calgary South (Mr. Smith). He also has spent a great deal of time at the United Nations and in the country to the south. In the debate on the baby budget the hon. member confirmed the alarm that I have expressed, with regard to our contacts in the United States. They do not properly understand the intentions of this government with respect to investment and they are considerably alarmed about this matter.

I think the minister must have recognized this situation, because shortly after the presentation of the budget on December 20 he made a trip to New York city in order to try to allay some of the apprehensions that obviously existed in that financial centre. I report the impressions I received while I was down there. The minister went down to New York on January 18 and made a speech to the Canadian club. He had a very good audience. I had been to the Maple Leaf club a month before.

I want to produce evidence of the confusion between Canada's financial leaders. I refer to the Minister of Finance and the governor of the Bank of Canada. I wish to quote their remarks during speeches made in New York recently. I think these remarks are in juxtaposition to each other.

On January 18 the Minister of Finance in New York said this:

> None of us is under any illusion that Canada could have achieved the rapid and broadly based expansion of our productive facilities during the last decade or more without these investments from other countries. We fully recognize the great benefits which the economy has derived by reason of the new manufacturing and industrial techniques which have been introduced, and of the natural resources which have been developed.

That is what the senior financial official of this government said on January 18. However, a person to whom equal attention is paid in the United States is naturally the governor of the Bank of Canada. He made a speech in the same city on March 7 to the Economic club of New York. I wish to show how much confusion there is in the financial leadership of this country by quoting the words of the governor of the Bank of Canada. I ask hon. members of this house to compare his statement with that of the Minister of Finance. On March 7 Mr. Coyne said this:

> The influence of the $9 billion of new foreign capital of one kind and another over the past decade—

The Minister of Finance had referred to the same decade.

> —if anything has had rather adverse effects on stability of employment and costs of production.

Earlier this afternoon I asked whether or not the Minister of Finance had any opportunity to observe the reported increasing harmony between the federal reserve bank in the United States and President Kennedy and his new administration. If the minister did not have that opportunity during the last two days I hope he will continue to observe developments in that connection. At the present time there is an urgent need for the utmost harmony and co-operation in our monetary relations and we should have a better balance between the policies of the government as expressed by the Minister of Finance—and indeed some of the other ministers—and the policies espoused by the governor of the Bank of Canada.

I am not alone in expressing some alarm about the results of this baby budget. I suggest these things are not very important broadly to anybody's pocket book, but psychologically I think they are important. I am afraid difficulties have been caused that will affect employment. These difficulties cannot be compared to the actual amount of dollars and cents that may come to the treasury as a result of the tightening up of some of these measures with respect to withholding tax.

The minister need not take my word for some of these things. I know he has great regard for certain commentators who have also referred to his baby budget since February, 1961. I have never found the minister in any way minimizing the importance of the Canadian Manufacturers' Association. In

their bulletin of February, 1961, under the headline, "Yankee Don't Go Home", an article begins in this way:

It would be a pity if the growing sense of national consciousness so apparent in Canada today should become identified in the mind of Americans —or anyone else—with anti-Americanism. In truth, it would be much more than a pity: it would be an unmitigated disaster.

I fear the financial community of the United States is losing interest in Canadian investment unless the interest rate gap that prevails between the countries widens greatly as it has since the baby budget was brought down in December. Timidity has been introduced among foreign investors since the baby budget of the minister because uncertainties have not been properly explained in the United States and some other countries.

The Montreal *Star*, which is a rather neutral paper politically—

Mr. Chambers: What?

Mr. Benidickson: The Montreal *Star* was certainly critical of the former regime—

Mr. Fleming (Eglinton): Everybody was.

Mr. Benidickson: —and I do not know whether they are unfriendly to the parliamentary secretary to the Minister of National Defence who comes from Montreal. I do not think they are. However, they had this to say:

This week on our opposite editorial page we published three articles by our Washington correspondent on the present state of Canadian-American relations. These are obviously getting worse, and statements now emanating from Ottawa from time to time are not making them any better.

I think some of the speeches made by members of the ministry and by the governor of the Bank of Canada are not particularly helpful in this regard.

Here is another example. On February 1 the son of a former president of the United States, John Roosevelt, came up to Montreal and said:

We appreciate that Canada must fit its policy to its needs but we are right now rather puzzled as to what the new policies actually entail.

I think John Roosevelt is associated with one of the biggest investment houses in New York. How can such an inquirer obtain more information on this matter when three months after the baby budget was introduced the Minister of Finance does not even deign to give this house any up-to-date report on the results of the measures which became effective as of December 20, 1960? Perhaps this is our biggest Canadian corporation in so far as control of assets is concerned. Last month the president of the Sun Life Insurance Company said that Canada's image abroad under this government is fuzzy. He gave this out at the annual meeting—

Mr. Fleming (Eglinton): May I ask the hon. gentleman if he will quote the words used by the gentleman to whom he has referred? He has himself introduced the expression "under this government". I should like the hon. member to make it clear whether those words formed any part of the actual words used by the gentleman he is purporting to quote.

Mr. Benidickson: Certainly this gentleman was referring to the current situation, and he is referring to this federal government.

Mr. Fleming (Eglinton): But did he use the words just attributed to him?

Mr. Benidickson: I will quote the observation verbatim.

Mr. Fleming (Eglinton): That would be better.

Mr. Benidickson: Very well.

Mr. Bourke, president of Canada's largest life insurance firm, said Canada must beware lest international investors lose interest in her because of Canadian attitudes towards foreign capital.

Then the report goes on to refer directly to Mr. Bourke—

Canada's image abroad was becoming somewhat fuzzy, he said.

Surely this is not a reference to something which happened years ago. He is saying that Canada's image abroad is presently becoming fuzzy.

Mr. Fleming (Eglinton): Will the hon. member agree that he did not use the words "under this government" and that Mr. Bourke in his statement did not attribute responsibility to this government?

Mr. Benidickson: I do not intend to quibble. I could not possibly be the equal of the Minister of Finance when it comes to quibbling. But in the light of common sense, I am sure Canadians will realize that a man who addresses the public of Canada every year and who says that Canada's image abroad is becoming fuzzy is not referring to anything except what is happening in very recent times.

Mr. Fleming (Eglinton): That is not the point I was raising at all.

Mr. Benidickson: Now we shall find in this bill reference to some protection that is now being taken by the government in respect to some of the opportunities which have been available in recent years, I think on too generous a scale, to bond investors. I have pointed out in the last three years that the Minister of Finance has at times been almost desperate about borrowing money and that in consequence he has offered gimmicks

which have been exceedingly expensive in their net cost to the treasury. But everyone is aware of the eloquence of the Minister of Finance and the kind of language he uses when he is criticized with regard to such a matter. I refer to the Ottawa *Citizen* of Thursday, March 19, 1959. It states:

> William Benidickson, Liberal financial critic in the commons has suggested that the federal government is paying more for some of its borrowings than appears in interest rates.

This was written following a discussion with respect to the offering of a bond at a substantial discount and at a low nominal interest rate; if a person in a high income tax bracket acquired such bonds he would be doing so at a very substantial advantage. But this is the way in which we are treated when we offer, as is our duty, criticism of the Minister of Finance. I continue to quote from the Ottawa *Citizen*:

> Mr. Fleming described Mr. Benidickson's statement on this point as "a shockingly misleading and inaccurate statement".

Mr. Fleming (Eglinton): On a point of order, the hon. member is purporting to quote a passage from a newspaper of a particular date. If I recall correctly, what that article purports to do is to report a debate which took place in the House of Commons and I put forward for your consideration, Mr. Speaker, the point that when we are dealing with statements made in the course of debate in the House of Commons the proper course is to quote from *Hansard* itself and not to quote what newspapers have said in regard to the debate in the house.

Mr. Benidickson: On this point of order I suggest there is no such rule as that which the hon. member advances. I think the rule is that an hon. member is not permitted, if there is objection from his colleagues, to quote words which reflect upon this house. These words I have quoted reflect on no one but myself, and if I advance them and make some comment upon them I do not think any matter of privilege can be raised by any other member of the house. These words were used with respect to myself by the Minister of Finance and are reported in the Ottawa *Citizen* of March 19, 1959. They were used by a minister who intends to make amendments to the Income Tax Act to cover the very thing about which I at that time gave him a warning which he described as "a shocking, misleading and inaccurate statement" on my part.

Mr. Fleming (Eglinton): On that point of order, Mr. Speaker, the observations now made by the hon. member illustrate very well the reasons why it has been the practice and, if I am not mistaken, the rule of this house that when hon. members purport to refer to statements made in the house they should quote from the record of this house and not attempt to read newspaper reports of our debates with all the interpretations that may appear in such newspaper reports. We have just had an illustration of the reason behind this practice and rule, because the hon. member has just directed his observations in that respect to something quite different from the point of my observations in the debate which he is now purporting to quote from a secondary source.

The Acting Speaker (Mr. Rea): Does the hon. member for Kenora-Rainy River wish to speak on the point of order?

Mr. Benidickson: I will hear your ruling, sir.

The Acting Speaker (Mr. Rea): I can refer at once, of course, to Beauchesne, fourth edition, paragraph 157, where it is made clear that it is out of order to read extracts in a debate if they refer to other debates during the same session. That, however, does not apply in this case because I understand the hon. member is referring to a debate which took place in 1959.

Mr. Benidickson: Perhaps Your Honour might hear a word from me while you are perusing other authorities. Just to indicate that the Minister of Finance is following his usual style of being exceedingly technical and and obstructive when criticized, may I recall that some four or five weeks ago the Minister of Finance, reading from papers in his hand, was quoting from *Hansard*—may I speak hypothetically—that the year he was referring to was perhaps 1957. But what he actually was referring to was a requote which he delivered and which appeared in a subsequent edition of *Hansard*, and he could not provide the page. The house at that time had the courtesy to accept what the minister had said.

Mr. Fleming (Eglinton): Before the hon. member makes assertions of that kind he should be prepared to give the page reference in the debates of this house, because he will not find anything there to corroborate or substantiate the silly accusations he has now made.

Mr. Benidickson: Well, this debate will afford me plenty of opportunity to go to the library after six o'clock, and I will quote later the hon. gentleman in full.

The Acting Speaker (Mr. Rea): I think the hon. member should refer to the exact place in *Hansard* where this was done.

Mr. Benidickson: Is Your Honour making that ruling both with respect to the question I first raised and with respect to the later point raised by the Minister of Finance? I

know that after this second reading stage of the debate has been completed the bill will be further discussed in the committee of the whole and I assure you, Mr. Speaker, and the Minister of Finance that this will be repeated, if desired, complete with *Hansard* page references.

I wish now to deal with one of the aims of the ten out of the 12 resolutions incorporated in this bill which refer to investment policy, particularly with respect to investments that originate abroad. One of the alleged features that prompted the government to embark on this course was that it would perhaps reduce what was generally regarded as an undesirable and rather substantial premium on the Canadian dollar in its relationship to the United States dollar.

Before we conclude this stage of the debate I should like the Minister of Finance (Mr. Fleming) to explain to us why after three months the dollar is virtually at the point it was when the budget was introduced on December 20, although some temporary hope was raised that the budget itself had accomplished something along the line to which I referred.

Mr. Fleming (Eglinton): Mr. Acting Speaker, I rise on a point of order. The Speaker, when he was in the chair and before you came into it, had to caution the hon. member several times for being out of order in going far beyond the limits of the present bill.

This is a bill to amend the Income Tax Act in certain definite particulars set out in the bill. This is not a resumption of the budget debate. There is nothing in this present bill that speaks of the exchange rate on the dollar. The hon. member in following this course is, in my submission, simply ignoring the previous rulings of the Speaker when he was in the chair earlier with respect to the hon. member's remarks, and the hon. gentleman is trespassing in fields other than those that are the proper subject for debate here. Surely on this motion we are debating the principle of Bill No. C-73, an act to amend the Income Tax Act.

Mr. Benidickson: Mr. Speaker, I wish to speak to that point of order and remind Your Honour that three months have elapsed since the Minister of Finance introduced his baby budget on December 20. In the meantime the minister has made in this country and elsewhere speeches in which he has attempted to explain to his audiences the purposes of the legislation which he introduced on December 20.

The minister invariably has said that one of the features he had in mind was the elimination of the large premium on the Canadian dollar in relation to its United States counterpart. I say that if ten twelfths of the contents of this bill relate to matters that could have a direct effect upon the relationship of the Canadian and United States dollar and upon interest rates in this country and in particular in the country closest to us in our trading relationships, it is utterly fatuous for the Minister of Finance to suggest that Your Honour should narrow our discussion to the extent he outlined.

The Acting Speaker (Mr. Rea): I was in the chamber when Mr. Speaker made the suggested ruling previously and made comments relating to the hon. member for Kenora-Rainy River (Mr. Benidickson). I have been through this bill and I do not know if I could properly say that the contents of this bill would affect the rate of interest between Canada and the United States, and so on. I do not think that is what I am supposed to do. However, I do not see how that can be considered a principle of this bill; and of course on second reading we must relate our discussion to the principle of the bill. Once again I must suggest to the hon. member that he confine his remarks to the principle of the bill.

Mr. Benidickson: Mr. Speaker, at this time I challenge the Minister of Finance to say categorically that in the amendents proposed in this bill amending the Income Tax Act there was no intention on his part that its provisions should in any way have an effect upon the relationship of the Canadian and United States dollar.

The minister is apparently not going to answer on that point—

Mr. Fleming (Eglinton): Mr. Speaker, I shall be very pleased to make my remarks at this stage if that is the wish of the hon. member.

The Acting Speaker (Mr. Rea): If the minister rises I shall have to advise the house that he will close the debate.

Mr. Fleming (Eglinton): I am prepared to do that, Mr. Speaker, if the hon. member is serious.

Mr. Martin (Essex East): The hon. member is dealing with a point of order.

Mr. Benidickson: Yes, Mr. Speaker.

Mr. Fleming (Eglinton): The hon. member had not thought of it until the hon. member for Essex East suggested it.

Mr. Benidickson: To continue, Mr. Speaker, I insist, subject to your ruling and after a considerable amount of study, that since the introduction of the resolutions in December one of the basic purposes of the changes was a hope that there might be a narrowing of the gap between the United States dollar

and the Canadian dollar. The point I wish to raise at this time, however, is that this seems to be a very belated determination on the part of the government.

A few months earlier in May hon. members of the government did not seem to be the champions of a par or under par Canadian dollar. We have been unsuccessful in obtaining explanations and replies to questions we have raised concerning the fact that this same government through its agencies as recently as May last permitted $100 million to be utilized—

Mr. Fleming (Eglinton): Mr. Speaker, I ask you to deal with the way in which the hon. member is completely ignoring—yes, I say defying—your ruling. He is going completely outside the terms of this bill. The hon. member is making assertions now that I should like to debate on a proper occasion. The hon. gentleman is making assertions with no truth in them and I shall welcome the opportunity to debate them at an appropriate time. The rules of the house do not afford opportunity to any hon. member to debate matters of this nature in relation to this bill. The hon. member must be aware of that fact but he has been running over the line throughout his remarks all afternoon.

Mr. Martin (Essex East): Mr. Speaker, I should like to address myself to the point of order.

Mr. Fleming (Eglinton): More obstruction.

Mr. Martin (Essex East): The minister says, "More obstruction". I wish to say to the minister that that, of course, is an entirely unparliamentary remark.

Mr. Fleming (Eglinton): A very true one.

Mr. Martin (Essex East): The Minister of Finance strenuously persists in obstructing his own legislation and I am going to leave it at that. The hon. gentleman gets to his feet and raises points of order without producing any authority whatever. The mere assertion by the minister that something is out of order, in his judgment makes it out of order. The Minister of Finance in his great glory has to be reminded—

The Acting Speaker (Mr. Rea): Order. I wish the hon. member would speak to the point of order.

Mr. Martin (Essex East): Mr. Speaker, the last remarks of the Minister of Finance are so offensive and provocative as to certainly justify some comment from us.

Mr. Cardiff: Why don't you get on with your point of order?

Mr. Martin (Essex East): We now hear from the parliamentary secretary to the Minister of Agriculture.

[Mr. Benidickson.]

Mr. Cardiff: Mr. Speaker, on a point of order, we have listened to hon. members opposite raising points of order on this, that and the other thing throughout the entire session and we are getting pretty well fed up—

The Acting Speaker (Mr. Rea): Order. I am sorry but the Chair can hear only one point of order at a time.

Mr. Cardiff: Why doesn't the hon. member speak to the point of order?

Mr. Martin (Essex East): I appreciate the difficulty the Chair has with hon. members on the government benches who at every point resist any suggestion with which they disagree that is made by the opposition; and if hon. members opposite are irritated by our conduct, we want them to know that we in turn are irritated by their constant attempts to prevent us from expressing what we believe are correct opinions which we have a right to express in this house.

Mr. Lennard: You have no opinions. Speak to the point of order.

Mr. Martin (Essex East): Since we have had that contribution from the hon. member for Wentworth (Mr. Lennard) I propose to address myself to the question which Your Honour has asked—

Mr. Lennard: It is about time.

Mr. Martin (Essex East): Once again the hon. member for Wentworth makes a contribution. All that hon. gentleman is able to do is sit in his seat day after day—

Mr. Cardiff: Speak to the point of order.

Mr. Chambers: Mr. Speaker, on a point of order, you have asked the hon. member to address himself to the point of order and he refuses to do so.

Mr. Lennard: He does not have one.

Mr. Martin (Essex East): I propose to address myself to the point of order, Mr. Speaker, but when I hear these interruptions I propose, within the rules of the house, to deal with them. While the hon. gentleman is not one of those who offend in that particular, he might use his politeness and his good deportment as an example to some of his colleagues who apparently do not understand the meaning of these words.

On the point of order, Mr. Speaker, the hon. gentleman is raising a point which he feels has a very definite bearing on the proposed amendments to the Income Tax Act. I would refer Your Honour to clause 9 of the bill which deals with the exemption from the 15 per cent non-resident withholding tax at present granted for interest payable on

bonds of or guaranteed by the government of Canada. I would also refer Your Honour to page 8 of the bill, where we find the explanatory notes which deal with the repeal of the special 5 per cent rate of non-resident withholding tax on dividends paid to a non-resident corporation by its wholly owned subsidiary corporation in Canada, and then to clause 10 of the bill which seeks to impose a tax of 15 per cent on dividends paid by a resident of Canada after December 20, 1960, to a non-resident organization, and so forth. These particular provisions were suggested by the Minister of Finance to meet certain situations, and one of them may very well be the problem raised by the hon. member for Kenora-Rainy River. Surely the hon. member for Kenora-Rainy River is justified in saying that the Minister of Finance has been driven to impose this particular form of taxation, namely the 15 per cent tax on dividends paid by a resident of Canada, and a tax on non-residents, because of the premium on the Canadian dollar. That may not be a sound argument but the hon. gentleman has the right to make it, and that is what he is doing. With great respect, I say that he has brought himself perfectly within the rules; otherwise, an hon. gentleman would not be allowed to interrogate the Minister of Finance on why he has resorted to these particular forms of taxation on non-residents or on residents with respect to United States holdings. In view of these particular provisions, surely it is restricting the form of debate to say that the statements made by the hon. member for Kenora-Rainy River are out of order.

If there is some doubt in Your Honour's mind—and I do not think there is—and if Your Honour concludes he is satisfied, that would be the end of it so far as I am concerned because I think Your Honour is very fair in his rulings. I suggest to the Minister of Finance that he is obviously concerned today; he is obviously irritated. If he wants his measures to pass why does he not let some more vigorous person such as the hon. member for Greenwood (Mr. Macdonnell) do the objecting instead of himself? Every time the hon. gentleman rises in his place he delays the passage of the legislation by a week.

The Acting Speaker (Mr. Rea): Order. If hon. members were to be allowed to discuss the effects of this bill, of course, they could go into very many realms of any type of financial situation. However, I do have the feeling that the hon. member for Kenora-Rainy River was discussing fiscal policies in general. I think I should suggest to him that his remarks should be directed more to this bill to amend the Income Tax Act. The hon. member for Kenora-Rainy River is an old experienced parliamentarian and I am sure he can keep himself well within the bounds of this bill.

Mr. Benidickson: I thank you for your comments, sir. I do not in any way depart from my original statement.

Your Honour referred to effects. Surely, we are permitted to discuss the legislation. Generally we use the word "principles" at second reading stage but I was going to use the word "purposes". Surely, we are permitted to discuss the purposes of the legislation before us. I would hope that one of the major purposes of the bill, or one of the consequences of the legislation, would be a narrowing of the gap between the Canadian and the United States dollar. I think I have made my point adequately in that respect.

In addition, when one considers that ten twelfths of the legislation before us relates to amendments concerning foreign investments, I say that undoubtedly it is of great interest to us when we compare domestic interest rates and foreign interest rates. I hope that when we come to the individual clauses of the bill we shall have every opportunity to pursue this subject unless the minister, when he speaks, informs us that these are not among his purposes. I am not talking about effects because I do not think the effects have been very consequential.

I want to know whether one of the main purposes of the legislation is to have an influence upon the pattern of the spread between the Canadian and the United States dollar? When the minister replies I want him to tell us also the purpose of the legislation in relation to domestic interest rates. I am sure the minister will not be able to escape this, although I was astonished that he did not take advantage of the opportunity, three months after the introduction of this legislation, to bring this house and the country up to date on the results that have flowed from the introduction of this legislation.

When the minister replies I hope he will resolve the great concern that exists all across Canada as to the apparent lack of harmony between the monetary policies that may be initiated by the Bank of Canada and the Minister of Finance.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I am sure that anyone looking around the house would not suggest that we have an inspiring audience this afternoon. I hope to conclude my few brief remarks by six o'clock. I suggest, Mr. Speaker, that if we apply ourselves steadily from now on to the business of this session, if we have the co-operation of the government and the opposition in the introduction of legislation, we would get through in good time. I suggest that we lose

a lot of time because of the repeated delays in dealing with legislation, that is, dealing with the resolution and then dropping it and going on with the bill later, and so on. If we could have the resolution introduced and then the bill so that we could continue the discussion in a logical and sequential manner we would gain a lot of time. I think a lot of time is lost by deferring these resolutions and bills from week to week and going at them in what I call a bits and bobs way. If we did that, Mr. Speaker—I want to sow a seed in the minds of hon. members before I say my little piece on this bill this afternoon—I am of the opinion we could satisfactorily and in a proper way deal with the business of this session so that it would conclude by June 15. I hope I have sown a seed in fertile soil.

Without doubt this is the type of bill on which the major discussion will take place on the various clauses. However, I have a few general observations to make. As I said before, I intend to be brief. I think it is quite safe to say that the principle of this bill is income taxation; it is the application of a section of the Income Tax Act. We in this group, Mr. Speaker, think that the Income Tax Act is the fairest form of taxation and is sound in principle but we have maintained throughout the years that the application of the principle is unfair and that we cannot by any stretch of the imagination say that the application is equitable to all classes of the Canadian people when one considers their varying economic circumstances.

For instance, in the application of the act there is no doubt that certain unfairness is caused by the fact that we do not have a capital gains tax in this country, which makes it possible for persons to make large gains and pay no income tax whatever. I am staying in order as carefully as I can, Mr. Speaker, and I simply want to mention that the fact we have no capital gains tax has caused unnecessary taxation on lower income groups. Then there are concessions to mining, smelting, oil and gas companies and no doubt those concessions make it necessary to continue a higher rate of taxation on the lower income groups.

We do not suggest for a minute that the state does not need the revenue to meet its expenses. However, before proceeding with my few brief remarks on the bill I wish on behalf of this group to urge the minister that when he comes to consider his budget he should give some consideration to the plight of the lower income groups who have had little consideration for some years as far as exemptions are concerned while the cost of living has been going up steadily. I think I have gone very little beyond the confines of what is in order at the present time, Mr. Speaker; and as the minister apparently is in a beneficent mood and is smiling I could not help reminding him of these things which we have repeated from time to time in former budget debates and on other occasions.

We are pleased to see in the bill now before us the exemption allowed for tuition fees. That exemption will be of assistance to a certain group of people who in many cases need it badly in order to carry on their education. We are glad to see the tax imposed on investment income from sources outside Canada because we think that is fair. We are glad to see the increase from $25,000 to $35,000 in the amount of income of companies subject to the 18 per cent tax. That should be of some assistance to smaller companies, particularly those that are having a difficult time to carry on. We are glad to see the repeal of the exemption with respect to the 15 per cent non-resident withholding tax. I have always been of the opinion that was somewhat unfair in relation to what resident Canadians, particularly those with small incomes, have to pay in taxation.

As I said before, our few comments will be made on the clauses concerned. However, on behalf of this group I urge the minister to give consideration to those sections of our society that have not received particular consideration in recent years. We know that the cost of living, the cost of operating the human machine, has gone up. We allow substantial depreciation on machinery and plant equipment but up to the present time we have not allowed sufficient for the deterioration and depreciation that occur in the human machine, and that is a matter of serious concern to the lower income groups. In relation to all our other economic difficulties and the plans that have been made to meet them, in my opinion this is a good time to consider a complete overhaul of the Income Tax Act in the light of the circumstances we face today. I have done my very best to remain in order, Mr. Speaker, and at this point I conclude my remarks.

Hon. Paul Martin (Essex East): Mr. Speaker, when the minister replies I would ask him to give us the reasons that were in his mind with respect to the provisions in clause 2, I believe it is, with regard to tuition fees. The minister has given relief in respect of tuition fees for 1961, which means that it will become effective from the middle of the academic term that began last September or October. I have had a considerable number of representations made to me, and I am sure other members have, by students and student organizations with respect to why the relief is not to be made effective from September or October of 1960 so as to

cover the whole of the academic year. When the minister replies I hope he will deal with that aspect.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, as it is about one minute before six may I call it six o'clock?

Some hon. Members: No.

Mr. Fleming (Eglinton): Mr. Speaker, we have made so very little progress this afternoon that I would ask the hon. member to speak until six o'clock. If the hon. member's remarks pertain to clauses of the bill, perhaps he would consider deferring them until we are in committee. I should be glad to make my reply now, Mr. Speaker, to expedite as far as possible moving the house into the committee stage.

Mr. Speaker: Can the hon. member's remarks be made in committee?

Mr. Carter: My remarks are of a general nature and if I do not have leave to call it six o'clock I will continue. The bill before us now to amend the Income Tax Act arises out of the proposals put forward by the minister in his budget and was announced along with other measures as part of the government's plan to contribute toward a solution of the unemployment problem. It is in that light that I think we must discuss the principle of the bill. We can appreciate the desire of the government to encourage increased Canadian ownership of our industry and increased participation of Canadian capital in the development of our natural resources. These are objectives which command our support but we must be careful that we do not attain these objectives at the expense of other objectives which are even more important. This bill is a part of the government's program to combat unemployment and surely that must be our No. 1 objective today because it is the paramount problem facing Canadians at the present time.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire from the house leader what the business is for tomorrow and Friday and will he also give some indication of what the business will be on Monday?

Mr. Churchill: As announced, tomorrow we will deal with the estimates of the Department of Agriculture. With respect to Friday, and this may be subject to change, at the moment we are considering going ahead with supplementary estimates. On Monday and Tuesday we will likely have a supply motion but I will be definite about that tomorrow night.

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

Questions

ANSWERS TO QUESTIONS

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

"DO IT NOW" CAMPAIGN COST

Question No. 128—**Mr. Dupuis:**

1. What is the amount granted for the "do it now" campaign?
2. What is the break-down of the cost incurred by such campaign?
3. To what firm was this advertising contract awarded?
4. Was the contract awarded following public tenders?
5. If so, what are the names of the other tenderers, and what is the amount of each tender?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1. The amount allotted for the "do it now" campaign for the fiscal year 1960-61 is $332,000.

2. (a) Items handled through advertising agency:

Advertising in daily and weekly newspapers	$93,384
Advertising in other periodicals	65,254
Radio and T.V. time	75,160
Production charges	13,500
Public relations	900
Advertising expenses incurred in previous year	3,802
Total	$252,000

(b) Promotional items in support of public service activities by national advertisers and national associations:

Posters, pamphlets, billboard material	$67,249
Exhibits	874
Production of theatre and T.V. clips, radio spots, etc.	5,992
Mailing, shipping and miscellaneous	5,535
Total	$79,650
Grand total	$331,650

3. Contract covering part (a) awarded to McKim Advertising Ltd., Toronto. Part (b) handled directly by Department of Labour.

4. No. Advertising agencies are not competitive on the basis of cost, since all agencies collect their fees in the form of a discount from the various media which carry the advertising. The client pays only the production costs.

5. Not applicable.

MENTAL HOSPITAL, YORKTON, SASK.—FEDERAL GRANT

Question No. 138—**Mr. Martin (Essex East):**

1. Has the Department of National Health and Welfare received a request from the Saskatchewan government for a hospital construction grant for the purpose of building a mental hospital or psychiatric institute at Yorkton, Saskatchewan?
2. If so, what type of institution does this grant cover, and what is the amount of the federal government's contribution?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. No.

2. See answer (1) above.

APPENDIX "A"

March 14, 1961

MEETING OF JOINT UNITED STATES-CANADIAN COMMITTEE ON TRADE AND ECONOMIC AFFAIRS

Communique

1. The sixth meeting of the joint United States-Canadian committee on trade and economic affairs was held at the Department of State, Washington, March 13 and 14.

2. Canada was represented at the meeting by Hon. Donald M. Fleming, Minister of Finance; Hon. George Hees, Minister of Trade and Commerce; Hon. George C. Nowlan, Minister of National Revenue; and Hon. Alvin Hamilton, Minister of Agriculture. The Canadian delegation included the under secretary of state for external affairs, Mr. N. A. Robertson, and the Canadian ambassador to the United States, Mr. A. D. P. Heeney.

3. The United States was represented by Hon. Dean Rusk, Secretary of State; Hon. George W. Ball, under secretary of state for economic affairs; Hon. Douglas Dillon, Secretary of the Treasury; Hon. Henry H. Fowler, under secretary of the treasury; Hon. Luther H. Hodges, Secretary of Commerce; Hon. Stewart H. Udall, Secretary of the Interior; and Hon. Orville L. Freeman, Secretary of Agriculture. The United States delegation also included Hon. George C. McGovern, food for peace co-ordinator.

4. Inasmuch as this was the first meeting of this committee since the new United States administration took office, there was a comprehensive review of basic economic relationships between the two countries as well as recent major economic developments.

5. The committee noted the positive steps taken by both governments to stimulate the two economies and to meet the unemployment problem, and expressed belief that these measures and market forces would lead to an expansion of economic growth in the United States and Canada.

6. The committee reviewed the balance of payments situation of each country including its effect on their mutual trade relations. Attention was also given to developments in the world payments position during the past year. The United States delegation pointed to the major significance of short term capital movements in 1960 and described the recent improvement in the U.S. position in this regard, while stressing that its basic imbalance nevertheless remains. The committee recognized the need for continued progress toward international balance through reduction in basic deficits and basic surpluses; and it was agreed that the events of the past year emphasize the need for continued and improved consultation and co-operation in international financial and economic policies.

7. The committee noted with satisfaction the recent signing of the convention of the organization for economic co-operation and development by the United States, Canada, and the members of the organization for European economic co-operation. The committee expressed confidence that the O.E.C.D. could strengthen the ties among Canada, United States and countries of western Europe, and could prove to be a most useful forum for close consultation on the economic policies of member countries with a view to increasing economic growth and to expanding assistance to the less developed countries.

8. The committee noted certain international economic developments of mutual interest, including the rapid economic growth of western European countries. Recent developments in both the European economic community and the European free trade association were reviewed. Both delegations reaffirmed the support of their governments for European efforts to reduce trade barriers and expressed hope that the development of the regional groupings would conform with the requirements and objectives of the general agreement on tariffs and trade and would avoid discrimination against the exports of the United States and Canada.

9. The committee disclosed the progress to date of the GATT tariff negotiations with the European economic community at Geneva. Noting the interest of both countries in the expansion of world trade, the committee stressed the need for an early settlement which would maintain for both countries undiminished access to the E.E.C. market in all sectors of trade, including agriculture, and the opportunity to share in its growth. In addition, the committee looked forward to the second phase of the current tariff conference when there will be negotiations for reciprocal exchanges of tariff concessions among the participating countries with a view to providing further opportunities for trade expansion.

10. The committee expressed satisfaction with the progress made by various countries in the past year in removing discriminatory restrictions against dollar goods and expressed the hope that forthcoming discussions

under the GATT with certain countries still retaining restrictions would result in elimination of discrimination and reduction of the remaining quantitative import restrictions affecting United States and Canadian products. The committee noted that substantial discrimination remains in the field of agricultural products and urged that countries concerned liberalize trade in these products.

11. The United States delegation outlined the new food for peace program, emphasizing the conviction of the United States that agricultural abundance essentially is not a problem but an asset which may be effectively employed to improve nutrition and enhance economic development throughout the world. The United States delegation pointed out that it would continue to be the United States policy to avoid disrupting agricultural markets to the disadvantage of other countries' commercial exports of agricultural products. The Canadian delegation supported the humanitarian objective of the food for peace program and noted that this development would be compatible with Canadian proposals to establish a world food bank on a multilateral basis. The committee agreed that there should be a continuation of the close consultation between the two governments on concessional exports of agricultural commodities through existing bilateral arrangements and in the wheat utilization committee.

12. In its comprehensive review the committee discussed other important matters directly affecting trade and economic relations between the two countries. It was reaffirmed that where problems existed direct exchanges of views at the cabinet level should contribute substantially to their solution.

HOUSE OF COMMONS

Thursday, March 16, 1961

The house met at 2.30 p.m.

BUSINESS OF THE HOUSE

CHANGE IN TODAY'S ORDER OF BUSINESS

Hon. Gordon Churchill (Leader of the House): Owing to circumstances which I did not foresee it is necessary to announce a change in the order of business for today. The parties on the opposite side have very kindly co-operated. We shall begin this afternoon with the debate on the Income Tax Act. If that is completed early in the afternoon we shall go on with item No. 11 on the order paper, the resolution in the name of the Minister of Labour dealing with the rehabilitation program for disabled persons. Then at eight o'clock tonight we shall resume the study of the estimates of the Department of Agriculture and continue consideration of those estimates tomorrow.

EXTERNAL AFFAIRS

TUNISIA—ANNOUNCEMENT OF VISIT BY PRESIDENT AND REPLACEMENT OF AMBASSADOR

Hon. Howard C. Green (Acting Prime Minister): It gives me great pleasure to announce that His Excellency Habib Bourguiba Sr., President of Tunisia, has accepted the invitation of the government to pay a state visit to Ottawa on May 1 and 2. The President and Madame Bourguiba will be the personal guests of Their Excellencies the Governor General and Madame Vanier at Government house during their stay. Details of the program will be announced as soon as arrangements have been completed.

Hon. members will be aware of the significant role which Tunisia has played in international affairs since achieving independence in 1956. President Bourguiba has headed the government of his country since then, and to him personally must go much of the credit for Tunisia's outstanding international contribution. By his wisdom and understanding he has always exerted a constructive influence not only in matters of direct concern to his country but also in major international issues and particularly those involving the Arab world and Africa. It is at the United Nations that Canada has best been able to observe and appreciate the contribution which this dynamic country has made to international understanding.

Any reference to the international posture of Tunisia and the important part played by President Bourguiba would be incomplete without mention of his continuing contribution to a solution of the problem of Algeria. Not only has his moderating influence been felt in the United Nations on this question, but he has been unstinting in his effort to contribute to an honourable solution of a problem which has been such a deep source of friction between his Arab neighbours in Algeria and France. If, as we all hope, this problem is resolved in the near future, the final settlement will owe much to the dedicated efforts of President Bourguiba.

Yesterday I announced to the house the appointment to Tunisia of Canada's first ambassador, Mr. H. F. Feaver. I mentioned, too, that for more than three years His Excellency Mongi Slim has been ably discharging his function as Tunisian ambassador to Canada. It is with regret that we have now received word of Mr. Slim's impending departure for another and very important assignment, for we have learned to value highly his friendship and effectiveness. With President Bourguiba about to visit this country it is, however, particularly fitting that we should receive the welcome news that Mr. Slim's successor is to be the president's son, His Excellency Habid Bourguiba Jr., who will shortly present his letters of credence to the Governor General. His previous appointments have been as Tunisian ambassador to Italy and France, and I am sure the house will agree that the appointment of the president's son here is a mark of the high esteem in which Canada is held by the Tunisian president and government.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am certain that His Excellency Mr. Bourguiba will receive an especially warm welcome when he visits Ottawa, not only because of the constructive part that his progressive young country is playing at the United Nations but even more, perhaps, because of the important mediatory part that Mr. Bourguiba himself has played in what we hope will be a successful effort to bring to an end the unhappy conflict which is now and has been for many years raging in Algeria.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this group welcomes the announcement of the visit of the president of Tunisia.

We recognize him as one of the architects of constructive solutions to the complicated and difficult problems that face that historic area of the world.

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR LATEST STATISTICS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I direct a question to the Minister of Labour and ask if there is any special reason why the unemployment figures for the last available period are not given to the house and the country today? I understand that usually those figures are given at this time.

Some hon. Members: Order.

Hon. Michael Starr (Minister of Labour): Those figures have been released on a variety of dates; the date of each month is not exactly the same. There has been a variation in the issuing dates of this statistic from week to week. I have not checked as to why it has not been issued. If the hon. member wishes me to check into why it has not been issued I shall be glad to do so.

Mr. Martin (Essex East): A supplementary question, Mr. Speaker. In view of the minister's last statement, will he give the house an assurance that it is not because any particular—

Some hon. Members: Order.

Mr. Speaker: Order. I think the house might let the hon. member for Essex East say what he has to say. If it is out of order it is appropriate, of course, to rise and say so, or it would be appropriate for me to intervene. I did not hear what the hon. member said. If he considers that it is in order I will give him a chance to ask his supplementary question.

Mr. Martin (Essex East): I am sure, Mr. Speaker, you will consider that I am in order. Will the minister give the house an assurance that the figures are not being withheld at this time because of any special event that is taking place in the city of Ottawa?

Some hon. Members: Order.

Mr. Starr: Mr. Speaker, in order to refute the implication of the hon. member, I definitely say that nothing has been done on the basis of the hon. member's question; but I am not surprised at the implication of the hon. member who stoops so low in many instances in asking questions.

[*Later:*]

Mr. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, as the hon. member for Essex East has opened the door, may I be permitted to extend a most hearty welcome to the Progressive Conservative party members and supporters from all over Canada who are in the galleries this afternoon.

[Mr. Herridge.]

(Translation):

GRAND'MERE, QUE.—REPORTED CLOSING OF KNITTING MILLS

On the orders of the day:

Mr. J. A. Richard (St. Maurice-Lafleche): Mr. Speaker, I should like to put a question to the Minister of National Revenue.

Is the minister aware that the Grand'Mere Knitting Mills and the Grand'Mere Handicraft, both located in the city of Grand'Mere in my riding, have permanently closed down.

According to an article published in yesterday evening's issue of *La Presse,* three hundred persons are out of work.

Has the government taken action in accordance with the powers conferred to the Minister of National Revenue under the legislation, either on its own or at the companies' request, in order to assist those industries?

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): The hon. member was good enough to send notice of this question to the minister. The minister and myself have discussed the matter and he assured me that he was unaware of this situation, but that he would inquire and report to the hon. member.

(Text):

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask the Minister of Labour a question arising out of that which was just asked by the hon. member for St. Maurice-Lafleche of the Minister of National Revenue, when reference was made to the 300 people who were put out of work at the knitting mills at Grand'Mere. The question is this. Could the minister tell us what measures the government is taking to see that alternative employment is found for those people?

Hon. Michael Starr (Minister of Labour): Before I answer that question in detail I should like to have the opportunity to make a complete investigation of that situation, of which I am only at this moment aware. After doing so, then we can decide on the action to be taken.

Mr. Theogene Ricard (St. Hyacinthe-Bagot): I would like to ask a supplementary question. Would the minister also find out the number of those persons in the St. Hyacinthe district who have found employment with the Goodyear Cotton Company of Canada Limited?

GLEN EXELBY—REQUEST FOR TABLING OF CORRESPONDENCE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Labour whether he has replied to the letter he received from Mr. Exelby, and if so, would the minister table the letter in the house in order to complete the record?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I have replied and I have no hesitation in tabling my reply.

Mr. Frank Howard (Skeena): Mr. Speaker, I have a question supplementary to that asked by the hon. member for Bonavista-Twillingate of the Minister of Labour a few minutes ago. Does the minister not think it would make the record clearer if other hon. members who may have had such correspondence also tabled it?

Mr. Speaker: Order.

COMMONWEALTH RELATIONS

SOUTH AFRICA—INQUIRY AS TO LOSS OF TRADE PREFERENCE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Acting Prime Minister. Can the Acting Prime Minister say whether, since South Africa has announced it is leaving the commonwealth, there will be an automatic economic penalty by this nation losing its trade preference with Canada?

Hon. Howard C. Green (Acting Prime Minister): As I explained to the house yesterday, South Africa has withdrawn its application for re-entry into the commonwealth after becoming a republic on May 31. For the time being she continues to be a member of the commonwealth.

With regard to the latter half of the question of the hon. member for Assiniboia, may I suggest that in fairness it is not very helpful for Canadians to start advocating that there be reprisals of any kind against South Africa.

Mr. Argue: A supplementary question. Do I take it from the Acting Prime Minister's answer that South Africa will enjoy all the commonwealth trade preferences even while following the apartheid policy which resulted in being forced to leave the commonwealth?

Mr. Green: This is not the spirit that helps to settle difficult problems. The trade preferences are based on treaties between countries. Canada has a treaty with South Africa, and it is the practice of Canada to live up to the terms of her treaties.

Hon. L. B. Pearson (Leader of the Opposition): Is it or is it not a fact that preferential treatment automatically ends with withdrawal of any nation from the commonwealth?

Mr. Nowlan: What about Ireland?

Mr. Pearson: It was negotiated separately afterward.

Mr. Green: I am not in a position to give a definite answer to this question.

PENSIONS

CONSIDERATION OF LEGISLATION ON PORTABLE PLAN

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, I wish to direct a question to the Minister of Labour. My question is based on a news report of a statement made by the director of the legislative branch of the Department of Labour to the effect that legislation on portable pensions will be introduced in the near future. Will the minister indicate to the house whether such legislation is under active consideration by the government?

Hon. Michael Starr (Minister of Labour): I thank the hon. member for giving me notice of his intention to ask this question. I have had a check made with the person who made the statement, and I am informed that the statement had no reference to federal legislation at this time but dealt only with the possibility of provincial legislation in this field.

HOUSE OF COMMONS

LACK OF IDENTIFICATION WORN BY CABINET MEMBERS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wonder whether I might direct a question to the Acting Prime Minister primarily for the benefit of his rally supporters. Does he consider there is anything significant in the fact that none of the cabinet ministers appears to be wearing any identifying picture or emblem today?

Mr. Argue: Those who are here.

Mr. Speaker: Order. I am sure the hon. member has got out of the administrative field.

(Translation):

[*Later:*]

REPORTED STATEMENT BY MINISTER OF TRANSPORT

On the orders of the day:

Mr. Augustin Brassard (Lapointe): Mr. Speaker, I should like to put a question to

the Minister of Transport, and I would not do so if I did not know his sense of humour.

He said yesterday, at a meeting in Montreal, that the House of Commons was the only insane asylum managed by its patients.

An hon. Member: That was in 1957.

Some hon. Members: Order.

Mr. Brassard: He did not mention any date.

Mr. Speaker, I should like him to assure the house that he was not speaking of the honourable private counsellors of the Queen who are sitting on the government benches today.

Hon. Leon Balcer (Minister of Transport): If I used that expression, it is because I have been facing the hon. members opposite too long.

Mr. Azellus Denis (St. Denis): On this side of the house, there is not a single one.

(Text):

BUSINESS OF THE HOUSE

PRESENCE OF MINISTER FOR DISCUSSION OF PUBLIC WORKS ESTIMATES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question, rather in the nature of a welcome home favour, to the Minister of Public Works. In view of the importance of and interest in the Department of Public Works, will the committee of supply be favoured with his genial and benign presence when his supplementary estimates are under consideration?

Mr. Speaker: Order. I think the hon. member is asking about what may transpire in the committee of supply. It would be more appropriate for him to communicate with the minister privately than to expect the house to deal with the conduct of the committee of supply.

Mr. Herridge: I must explain. There is more in this than meets the eye.

CONSIDERATION OF REMAINDER OF THRONE SPEECH ITEMS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to ask the Acting Prime Minister whether he can give the house an indication as to when the balance of the items mentioned in the speech from the throne may be presented for consideration.

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I would suggest that the hon. member put that question on the order paper.

[Mr. Brassard (Lapointe).]

Mr. Howard: A supplementary question, Mr. Speaker—

Mr. Speaker: Order. I think the hon. member's question encompasses a bit too much ground to be answered briefly on the orders of the day.

POWER

COLUMBIA RIVER—CONSIDERATION BY PARLIAMENT REGARDLESS OF B.C. AGREEMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. In view of the fact that the Senate foreign relations committee in Washington has unanimously approved the Columbia river development treaty, and that the president of the United States has now asked congress for funds to construct the Libby dam as the first step in the implementation of the treaty, does the government propose to submit the treaty to parliament for approval in the near future irrespective of the position taken by the government of British Columbia at this time?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, the Leader of the Opposition knows very well what the position is at the present time, because it has been explained on more than one occasion. As yet Canada and the province of British Columbia have not reached agreement on this particular project, so it would be premature for us to take the step that the Leader of the Opposition has mentioned.

Mr. Pearson: Does the Acting Prime Minister not feel that as Canada has signed the treaty, and the United States has now taken the first step toward implementation, it would be appropriate to have the treaty before the House of Commons at the earliest possible date?

Mr. Green: Mr. Speaker, the Leader of the Opposition knows very well that all that has happened in the United States has been that the Senate foreign relations committee has recommended to the Senate that the treaty should be approved.

Mr. Pearson: And money is being voted.

Mr. Green: No money voted at all.

[*Later:*]

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I would like to ask a question supplementary to that asked of the Acting Prime Minister by the leader of the official opposition. Is the Acting Prime Minister confident that an agreement will be reached between

the government of Canada and the government of British Columbia with respect to the development of the Columbia prior to the conclusion of this session?

Mr. Green: Mr. Speaker, the hon. member for Kootenay West has just as good an idea as I as to whether it is possible to reach an agreement with the premier of British Columbia on anything.

AIRPORTS

MEDICINE HAT, ALTA.—REQUEST FOR IMMEDIATE REPAIR PROGRAM

On the orders of the day:

Mr. E. W. Brunsden (Medicine Hat): Mr. Speaker, I would like to direct a question to the Minister of Transport. Has the minister's attention been directed to the dangerous condition of the federally owned airport in Medicine Hat, and has he under active review a program of immediate repair which will make the airport safe for landings and take-offs not only by Trans-Canada Air Lines planes but also by those planes privately owned?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, knowing the very keen interest of the hon. member in this airport I am pleased to tell him that my department has the situation under very active review at the present time.

TRANSPORT

METROPOLITAN TORONTO—REPORTED REQUEST FOR SUBWAY LOAN

On the orders of the day:

Hon. Paul Hellyer (Trinity): I would like to direct a question to the Minister of Public Works. Could the minister say when the government will be in a position to make an announcement in respect to the application of the corporation of metropolitan Toronto regarding a loan for the construction of an east-west subway?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I know the interest the hon. member for Trinity takes in this matter, and I can inform him that it has been under consideration by the cabinet for some time. This will be a question for cabinet decision, as well as the application received from Montreal, and we hope that very shortly after the return of the Prime Minister a decision will be arrived at covering both applications.

FREIGHT RATES

GRAIN—REQUEST FOR DISALLOWANCE OF INCREASED RATES TO EASTERN PORTS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, on February 27 I asked the Minister of Transport whether the government would consider under section 53 of the Railway Act, disallowing the freight increase on grain moved from Georgian bay ports to the St. Lawrence. The minister answered at that time by saying that the matter would be taken under advisement. My question now is, since eastern and western provinces have indicated that they will ask the government to disallow this increase in freight rates, has the government now had an opportunity to consider the question?

Hon. Leon Balcer (Minister of Transport): The matter is still under consideration, Mr. Speaker.

Mr. Argue: Could the minister inform the house whether a formal petition has been received from the provinces in this regard, asking for disallowance?

Mr. Balcer: I am not quite sure, Mr. Speaker, whether a formal petition has reached the government.

TRADE

TURKEYS—INQUIRY AS TO QUOTA ON IMPORTS FROM U.S.

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, I would like to direct a question to the Minister of Agriculture, or in his absence to his parliamentary secretary. Is it the intention of the government to abolish the four million pound maximum quota on the importation of turkeys from the United States?

Mr. L. E. Cardiff (Parliamentary Secretary to the Minister of Agriculture): Mr. Speaker, I will have to take the question as notice and give an answer later.

HUMAN RIGHTS

EDMONTON—STATEMENT ON REPORTED REFUSAL OF ACCOMMODATION TO U. S. NEGROES

On the orders of the day:

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, on Tuesday the hon. member for Assiniboia asked a question concerning a reported refusal of accommodation to two United States negroes at the MacDonald hotel in Edmonton.

The management of the C.N.R. advise me they have checked with the hotel and have been informed that the hotel management

have no knowledge of accommodation being refused under the circumstances suggested in the question. The management further assure me that their hotel operations are conducted in accordance with the principles of the bill of rights.

PUBLIC BUILDINGS

RESERVE MINES, N.S.—INQUIRY AS TO POST OFFICE SITE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to join the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) in welcoming back one Tory we have not seen in the house for some time. I should like to direct a question to him, the Minister of Public Works, and ask whether during his absence from the house he has been able to meditate on the problem which I know was vexing him before he left, of a suitable site for the post office at Reserve Mines, Nova Scotia, and whether he has reached a conclusion.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I did not realize until now who was behind the many, many letters, anonymous and otherwise, that I have received. I want to thank the hon. member for Bonavista-Twillingate for disclosing his hand. I can assure him that the matter will now receive just the same consideration that it would have received if he had not asked the question.

Mr. Pickersgill: Mr. Speaker, on a question of privilege—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —affecting my personal honour—

Mr. Speaker: Arising out of the answer?

Mr. Pickersgill: Arising out of the answer.

Mr. Speaker: I think the hon. member would have to stretch the King's English quite a bit to find any imputation there.

Mr. Pickersgill: With respect, sir—

Mr. Walker: Mr. Speaker, may I suggest that the hon. member be permitted to proceed.

Mr. Pickersgill: With respect, Your Honour, I have been accused of writing anonymous letters—

Some hon. Members: No.

Mr. Pickersgill: —and that surely is a shocking accusation for one hon. member to make against another. I wanted to assure the hon. gentleman that I have never, unlike some of his friends, been ashamed to sign my name to my letters.

[Mr. Balcer.]

Mr. Ricard: You have somebody else do it for you.

Mr. Speaker: Order. A question of privilege would undoubtedly arise if the answer were given serious construction, but I did not take it in that vein.

Mr. Pickersgill: Nor did I.

INDIAN AFFAIRS

SARNIA, ONT.—INSTALMENT PAYMENT ON SALE OF LAND

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I could address a question to the parliamentary secretary to the Minister of Citizenship and Immigration in the hon. lady's absence, and ask the parliamentary secretary whether Dimensional Investments Limited made their payment which was due yesterday in connection with the notorious contract made by the government?

Some hon. Members: Order.

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): Mr. Speaker, I will get the information for the hon. member.

INCOME TAX ACT

The house resumed from Wednesday, March 15, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) for the second reading of Bill No. C-73, to amend the Income Tax Act.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Hon. Paul Martin (Essex East): Mr. Speaker—

Mr. Speaker: Order. On reference to the clerk's roster I find that the hon. member for Essex East has already spoken in this debate.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): Hon. gentlemen seem to be very sensitive today about something; I do not know what it is. My recollection is that yesterday I asked a question of the Minister of Finance with regard to tuition fees. I was not aware that a question, even though it may have been extended, constitutes a breach of the rules and would not permit a member to speak a second time. However, as always I am in the hands of Your Honour in this matter.

Mr. Argue: You have to be.

Mr. Speaker: I am afraid the hon. member whose intervention seems to have occupied almost two columns of *Hansard* will have to accept the record as being correct. It is true that he did ask a question, but I think in the circumstances revealed by *Hansard* and the clerk's record I cannot allow him the floor again.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I do not think it can be contested that I did not speak, because I was not even in the house. I intend to speak only long enough to move, seconded by the hon. member for Laurier (Mr. Chevrier):

> That all the words after "that" be struck out and the following substituted therefor:
>
> "this house, while wishing to establish special measures in connection with tuition fees and non-resident investment in Canada, inter alia, declines to give second reading to a bill the provisions of which do not include any changes in the tax laws for the purpose of implementing the policy proposed in the supplementary budget in order to assist areas where there is a substantial degree of continued unemployment over the years."

The reason for moving this amendment will be apparent at once to the house. The view was taken by me on behalf of the Liberal party, at the resolution stage, that certain changes which the Minister of Finance proposed in the application of the Income Tax Act should be made by parliament and not by order in council. It is my view that they are of a far-reaching character and the terms and conditions of these proposed tax concessions are of a kind which should be made by parliament—

Hon. Donald M. Fleming (Minister of Finance): On a point of order, Mr. Speaker—

An hon. Member: Here we go.

Mr. Fleming (Eglinton): Yes, here we go. Hon. members opposite are never very interested in points of order raised on this side of the house.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. The Minister of Finance has risen on a point of order.

Mr. Fleming (Eglinton): Mr. Speaker, the hon. member for Bonavista-Twillingate has read and submitted to you an amendment to the motion for second reading. He is now proceeding to discuss his amendment. I suggest that if he has submitted a motion the motion should be read, because I should like to raise a point of order in connection with the motion. I do not believe the motion is in order as an amendment to the motion for second reading of this bill.

Mr. Pearson: Another gag.

Mr. Fleming (Eglinton): The Leader of the Opposition is continuing to make comments from his seat as though he were addressing others on the maintenance of the rules of this house. Nobody breaks them more often than he does. I suggest that he be told what the rules of the house are, because he does not know them.

Mr. Chevrier: You don't know them either.

Mr. Pearson: I shall be glad to make my comments while on my feet.

Mr. Speaker: Order. The Minister of Finance has injected two points of order into the proceedings. I think it would be appropriate to deal with the first point of order now, or at the conclusion of the hon. member's speech, whichever is convenient. The question of relevancy is the same. On reflection, perhaps it would not be the same if the amendment were out of order and the hon. member were allowed to speak on it. I suggest therefore, we should deal now with the question whether this amendment is acceptable. I will hear the Minister of Finance on that point first.

Mr. Fleming (Eglinton): As I understand the rule pertaining to amendments introduced to motions for second reading, an amendment to be in order must assert a contrary principle. The form which is always followed in such cases, as I recall it, is "That the said bill be not now read a second time but that—". Then follows an assertion of the contrary principle. This is not being done in the present case at all. What we have here in effect is an attempt to say that while the opposition are in favour of one provision of the bill they ask the house to decline to give—they do not say second reading to this bill,—but to decline to give second reading to a bill the provisions of which do not include certain other things.

In my submission the amendment shows no adherence to the rule at all in this respect.

The scope of amendments which may be introduced on second reading is very limited, as you well know, Mr. Speaker. When one clears away the mass of verbiage here there are two things which stand out. The first is an attempt to preserve support for one provision of the bill, and then follows an assertion in very vague terms that the house should not give second reading to a bill which does not make provision for certain other things.

I refer to Beauchesne, citation 201, paragraph 12 where it is stated:

> An amendment proposing a direct negative, though it may be covered up by verbiage, is out of order.

I invoke that citation, but I also invoke the clear rule that an amendment is not in order unless it asserts a contrary principle, and I do not find this to be the case in the present proposed amendment. In any event, on examination it will be seen that this is not the type

of direct assertion of a contrary principle which is required. The amendment talks about not giving second reading to a bill the provisions of which do not include certain things. That is not the form in which a principle contrary to that set forth in this particular bill, No. C-73, can be put for the purpose of the procedure applicable to amendments on second reading.

The final point I wish to make is that the concluding words of the amendment relating to changes which are said not to be included are not changes which are required in the tax law at all. This is taking the house into an area which under the provisions of the Income Tax Act has been conferred by parliament on the executive branch of government. These come within the regulatory powers conferred on the government by the Income Tax Act.

I refer further to Beauchesne, citation 202, paragraph 15, where it is stated:

> An amendment approving part of a motion and disapproving the remainder is out of order.

That is precisely what we have here, an attempt to preserve or approve that part of the motion for second reading which relates to one of the provisions of the bill respecting tuition fees of university students, while expressing disapproval of the remainder of the measure. That clearly comes within the ban set forth in citation 202 on page 170. It thus seems that on any one of several grounds this amendment is clearly out of order.

Hon. Paul Martin (Essex East): I should like to say a word on the point of order raised in his habitual manner by the Minister of Finance. May I deal with the hon. gentleman's last observation with regard to paragraph 15 of citation 202 of Beauchesne at page 170. The minister says this amendment is out of order because it approves part of a motion and disapproves the remainder.

The hon. gentleman did not read all the references made by Beauchesne, nor has he referred to the other authorities. As a matter of fact this particular amendment is on all fours with an amendment which was moved in the United Kingdom parliament, and I have reference to it in Mr. Bailey's well known book "British Parliamentary Democracy" at page 90, where the author says:

> On the second reading the main principles of the bill are discussed. It is in order to speak about the methods proposed for achieving the objects of the bill or about alternative methods which might be employed. The debate might last only a few hours or it may extend over two or three days. Opposition to the bill may take the form of an amendment to the effect that the bill be read "on this day six months" which would, if passed, kill the bill, or by a reasoned amendment setting out the reasons why the bill should not proceed or showing that the objects of the bill could be achieved in some other way.

[Mr. Fleming (Eglinton).]

It is important to note the particular amendment referred to by Bailey in this context, and I shall read the amendment here moved to show that the amendment introduced by the hon. member for Bonavista-Twillingate is on all fours with the motion which was allowed in the United Kingdom parliament. That amendment was a reasoned amendment to the national health service bill of 1946, and it was moved by an opposition member of parliament. It was in the following terms:

> I beg to move to leave out from "that" to the end of the question and to add instead thereof—"this house while wishing to establish a comprehensive health service declines to give a second reading to a bill which prejudices a patient's right to an independent family doctor, which retards the development of the hospital service by destroying local ownership—"

—and so on.

The amendment put forward by my hon. friend is in precisely the same form. This amendment says, in effect, that this house while approving the establishment of special features in connection with tuition fees and in connection with non-resident investment in Canada *inter alia,* declines to give second reading to a bill the provisions of which do not include any changes in the tax laws to provide for implementing the policy proposed in the supplementary budget so as to assist areas where there has been a substantial degree of unemployment over the years. The Minister of Finance says the amendment is out of order though, as a matter of fact, it is in precisely the form in which an amendment was allowed in connection with the national health service bill in the United Kingdom in 1946. On that score the Minister of Finance has not assisted Your Honour in coming to a conclusion with regard to this all-important matter—

Mr. Chevrier: As so often happens.

Mr. Martin (Essex East): —as my friend the hon. member for Laurier points out, somewhat gratuitously, "as so often happens".

Mr. Churchill: The hon. member for Essex East needs some help, though.

Mr. Martin (Essex East): In May's sixteenth edition at page 530 that distinguished author deals with the question of reasoned amendment. He says:

> It is also competent for a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move what is known as a "reasoned amendment". This amendment is to leave out all the words in the main question after the word "that" and to add other words; and the question proposed upon the amendment is, that the words proposed to be left out stand part of the question. A reasoned amendment is placed on the paper in the form of a motion and may fall into one of several categories.

(1) It may be declaratory of some principle adverse to, or differing from, the principles, policy or provisions of the bill—

That is exactly what this amendment does. This amendment complains about the fact that in the bill before the house there are not included amendments not with regard to a minor matter but with regard to a matter that was regarded as important enough to be considered as a declaration of policy in the budget speech of last December, and which is still being discussed in this house as a result of the intransigence, if I may say so, of the Minister of Finance.

We are asking that this bill be strengthened by including in it provisions that are not now included. In response to that the Minister of Finance suggests that the existing law already gives the government the authority which we are seeking to have incorporated in this bill. That is one of the very points of the amendment. We are asking that there be incorporated in the form of a legislative amendment the authority which the governor in council now has in respect of a matter so vital as to warrant inclusion in the budget and which should form part of our statutory law and not be capable of giving authority to the government merely by the exercise of a secret order in council. That is one of the principles involved in this amendment.

The Minister of Finance says this is not a direct amendment, as though that were a very important observation in so far as the validity of this amendment is concerned. It is true that the government has acted in this particular matter under an order in council belatedly passed by the governor in council. Our contention is that the matter is of such importance that it ought to be included in an enactment of this house and that the particular authority authorizing the passing of an order in council is an authority that was never envisaged to cover a matter of this fundamental importance.

For those reasons, Mr. Speaker, I would urge Your Honour, and I do so with confidence, to accept this amendment.

Mr. Fleming (Eglinton): Mr. Speaker, there is one further point on which I should have touched and it will be, I think, quite obvious to the Chair. That is that the amendment introduces something that is quite outside the scope of the bill and therefore offends the rule as to relevancy.

The hon. member for Essex East, of course, wishes to revive the budget debate. This bill, C-73, is, of course, only one of the legislative measures which have been brought forward in pursuance of the resolutions introduced at the conclusion of the budget speech of December 20. I would point out that what has been attempted by the opposition in this amendment is to evade a ruling that was made with respect to this very matter at the resolution stage in committee of ways and means. This was in the resolution dealing with the proposed amendments to the Income Tax Act. Because this question of double depreciation, which was announced in that speech and which of course is a matter of regulation under the provisions of the Income Tax Act, was not referred to in the resolution, hon. members opposite including the hon. member for Essex East sought to debate that question in the committee of ways and means on the resolution. That discussion was ruled to be out of order by the chairman of the committee.

Mr. Martin (Essex East): That is not the case.

Mr. Fleming (Eglinton): You will find that at page 2606 of *Hansard* of March 2. The hon. member for Essex East was allowed a great deal of latitude. It seems to be that the only way any progress can be achieved in the house or committee is to extend to the hon. member for Essex East latitude to ride roughshod all over the rules of the house.

Mr. Pearson: A reflection on the Chair.

Mr. Fleming (Eglinton): After that had been done a point of order was raised. You will find reference to this at page 2606. Again the hon. member for Essex East made the same kind of voluble statement he has made today, and even the Leader of the Opposition took part in this discussion on the point of order.

Mr. Martin (Essex East): That is not a fact.

Mr. Fleming (Eglinton): The deputy chairman disposed of the point of order. He disposed of it by ruling that kind of discussion to be out of order on the resolution. Here are his words to be found at page 2606—

Mr. Martin (Essex East): Read them out.

Mr. Fleming (Eglinton): I certainly intend to read them out, but I do not need to take orders from the hon. member for Essex East. The deputy chairman said:

I think hon. members will realize first of all, of course, that the Chair does not make the rules of the house. The job of the Chair is to try to interpret the rules. When the hon. member for Essex East first rose and started talking about double depreciation I began to read the resolution very carefully and I have read it three times. Up to this point I have not been able to find in the resolution any reference to double depreciation.

I have no other alternative than to suggest to hon. members that they try to be more relevant to the particular resolution that is before us. We are not debating the budget. We are debating one resolution of the budget. I am sure hon.

members will appreciate the position that the Chair has to take and will do what they can to co-operate.

An hon. Member: That is no ruling.

Mr. Fleming (Eglinton): From that stage, the point was not raised again. No further effort was made by hon. members opposite to defeat or evade the ruling of the Chair in that respect.

We come now to the bill stage. There is nothing in this bill that relates to this matter of the double depreciation. That was not a matter requiring legislation. It is, therefore, outside the scope of the bill, and the purpose of the amendment is to enlarge the scope of the debate and revive the debate on the budget rather than have a debate on the bill itself. On the rule of relevancy I respectfully submit that this amendment is completely out of order.

Mr. Speaker: Before the hon. member for Bonavista-Twillingate speaks I wish to say that he should endeavour to meet the point that this amendment can be brought within the terms of the resolution.

Hon. J. W. Pickersgill (Bonavista-Twillingate): That is what I was seeking to do, Mr. Speaker. Evidently the Minister of Finance has had a lapse of memory, because later on March 2, as Your Honour will find from examining *Hansard* at page 2609, I got up to address the committee and said:

I should like to address myself to the first few words in this resolution which are:

"Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:"

The whole crux of my remarks was that among the other things that ought to be included in the bill as coming within the scope of the Income Tax Act which was being amended were precisely those things dealt with by this amendment, supported by my hon. friend, which I moved earlier today; that is to say, the inclusion in the bill of specific legislative authority for the kind of double depreciation which the government was seeking to give by order in council under existing legislation. Neither the chairman nor the Minister of Finance nor indeed anyone else took the slightest exception to that observation of mine.

Mr. Fleming (Eglinton): With respect, Mr. Speaker, that is not true. Will the hon. member look at page 2610 of *Hansard,* where he will see in the second paragraph that when the hon. member for Essex East attempted to revert to this subject I said "Order", and the deputy chairman made a ruling. He said:

Order. The hon. member was referring to what might be put into the Income Tax Act. That was quite in order. But I think the hon. member is going a little further than he is entitled to go—

[Mr. Fleming (Eglinton).]

Mr. Pickersgill: Since I had the floor, after this usual intervention in the middle of speeches perhaps I might be permitted to proceed. I said no exception was taken to my observations, and no exception was taken to my observations, Your Honour. My observations were the only ones that dealt specifically with the point that the amendment I submitted to the house today deals with, namely whether this amendment can be brought within the scope of the bill. Nothing is more obvious than that. What we are seeking to suggest is that this amendment to the Income Tax Act should amend the act with specific respect to a matter which is now dealt with in the Income Tax Act. Surely the minister would not contend, and I am sure Your Honour would not support the contention, that because there is a provision for doing something one way in an existing act of parliament there cannot be an amendment to that act of parliament and provision made to do it in another way. All we are seeking to suggest here is that we find this bill unacceptable because it does not contain a specific provision to do in another way, which we think would be the better way, what the government is seeking to do though it is a new policy, by means of the use of old and existing legislation. If parliament cannot change existing legislation, and if the opposition cannot put forward alternative views as to what the legislation should be, it seems to me that we would have very little legislative function here whatever. However pleasant that would be to the Minister of Finance it is not a conception of parliament, I am sure, that Your Honour would accept.

Mr. Fleming (Eglinton): I was endeavouring to read the observations of the deputy chairman at page 2610 of *Hansard* of March 2. May I conclude the reading. He said, referring to the hon. member for Essex East:

But I think the hon. member is going a little further than he is entitled to go in asking what has or has not been done in an order in council.

This is the whole matter of double depreciation which hon. members opposite are seeking to drag into this debate now. If it is in order to amend a motion for second reading by bringing in something which lies outside the scope of the bill for which second reading is being moved, it will be perfectly in order to bring in any subject at all that has any relevance at all to the main statute, in this case the Income Tax Act. That is not the test of relevancy on a motion for second reading of a bill to amend an existing statute. The rule is that the relevancy applies to the terms of the amending bill, not to the main statute, because this present bill deals with

only a few of the many sections of the Income Tax Act. Were this amendment to be in order, then, Mr. Speaker, I think literally hundreds of amendments could be introduced on such a motion just dealing with matters that relate to the main existing statute but have no relevancy whatsoever to the amending bill under consideration.

Mr. Pickersgill: Sir, since you have allowed the minister to speak twice, perhaps I can reply to his last observation. The effect of the last observation of the minister would be that no amendment could be offered to any bill. In other words we must accept or reject the bill en bloc, and that has certainly not been the practice.

Mr. Fleming (Eglinton): How ridiculous.

Mr. Speaker: The amendment proposed is an amendment on the motion for second reading of a money bill, a bill preceded by a resolution, which distinguishes this bill and the type of amendment which may be moved from other bills which do not have to be preceded by a resolution, so there is that additional limiting factor to amendments which might not be applicable to other bills before the house for second reading.

It is not safe to apply generally decisions with respect to amendments on the second reading of non-money bills to bills which do require a preliminary resolution. In this instance the resolution does contain some general terms which the hon. member for Bonavista-Twillingate has pointed out. The resolution which was adopted by the house begins:

> Resolved, that it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things—

Then follow paragraphs numbered 1, 2, 3 and so on, setting out a number of specific items. The only argument that troubles me is the question whether "among other things" opens the door to specific propositions which are not enumerated in the resolution itself—I would be inclined to think not from rules of interpretation—which the reasoned amendment would have to contain; and it is agreed that reasoned amendments on second reading are acceptable.

If this were an acceptable reasoned amendment I would have no doubt about it. The question is whether it is that category of amendment, having regard to the necessity of bringing the reasons within the limitations of the resolution. I think my best judgment—and I agree that these are matters of judgment and might be decided in many instances one way or the other—is that the reason given here, in so far as it is specific or ascertainable, is not within the terms of the resolution, and therefore could not have been incorporated in the bill in the first instance.

As I try to interpret the reason, which is the latter part of the amendment, I read these words:

> That the house declines to give second reading to the bill because it does not include tax laws to assist areas where there is a substantial degree of continued unemployment over the years.

I think the hon. member who introduced the amendment would agree that this is pretty indefinite and vague, but it does assert the contrary principle to some other tax laws relating to assistance to areas where there is substantial unemployment and what he has in mind and what he asserts should be in the bill. The resolution in its terms certainly had no place for tax laws to assist areas where there is a substantial degree of continued unemployment—

Mr. Pickersgill: Before you give the full judgment would Your Honour hear a word on that specific point?

Mr. Speaker: Yes.

Mr. Pickersgill: My word is this. If the amendment contained a reason for not accepting second reading, which would be competent for a member to make as a motion to amend the bill itself in committee, then of course it would not be competent to entertain it on second reading. Your Honour ruled on that very point in one instance on another amendment of mine some years ago, perhaps two sessions ago, when I sought to do by a reasoned amendment something which was competent to do in committee on the bill itself because it was within the scope of the terms of the bill, and for that reason it could not be given as a reason for rejecting the bill as a whole. Therefore I would say that if our reason for seeking to get the house to reject the second reading of this bill was something that could be done to transform the bill in committee, then we would be out of order.

It follows, therefore, that if the reasoned amendment could be made at all it must have as its subject matter something that, though germane to the bill, could not be done in committee on the bill itself. I would not argue for one minute that this can be done in committee on the bill itself. Therefore it seems to me, sir, that that is a consideration that it did not seem to me had been brought out before; and before Your Honour gave a ruling, since this is an important matter, I thought I should draw it to your attention.

Mr. Speaker: I appreciate the force of the argument that an amendment which might

be made at the committee stage to a particular section might also be expanded into a reason. If they were the same then presumably the ruling referred to would prevent it being used as a reason, because it could be dealt with in committee. But many reasons could be advanced against reading this bill the second time which would be within the scope of the resolution and yet would not be specific amendments to clauses, and I think I can give an example which will satisfy the hon. member. It would be a reason of principle that the effect of a particular tax measure would be to interfere with trade or investment between two countries, or something of that kind which would not be the subject matter of an amendment in committee. In the result I find that this latter part does not satisfy my mind that it is a reason which can be advanced on this bill because of the preliminary stage.

There is a further difficulty which I think is a real one, in that the amendment seeks to approve part of the bill and to disapprove the remainder. There is fairly clear authority on that point which has already been referred to. As found in Beauchesne, fourth edition, page 170, it is stated:

An amendment approving part of the motion and disapproving the remainder is out of order.

Then an instance is given. In effect this amendment attempts to approve that part of the bill which deals with allowances for tuition fees but to disapprove the bill otherwise, and on that ground I think it would fall. The hon. member has the floor and is free, of course, to continue.

Mr. Martin (Essex East): Before Your Honour makes a final ruling may I ask Your Honour to consider the case in the United Kingdom parliament to which I referred, which was a specific amendment following a specific rule. A money bill was involved and the mover of the amendment expressed his approval of parts of the main content of the bill and rejected others for certain reasons. I will admit there is that statement in Beauchesne, but it so happens that in the case of that learned authority there is a mere assertion which, without the citation of instances, surely makes the statement of that learned author nothing more than an authority of persuasive value, whereas in the case I have cited we have a decision of the Speaker of the House of Commons.

Mr. Speaker: May I say to the hon. member for Essex East that I appreciated the force of his argument and the precedent he produced, and distinguished it in my mind, because the first part of the amendment he cited is simply a general declaration in favour of a national health policy. It does not really approve part of the bill, and it is quite different from the amendment before us which attempts to approve specifically some provisions of the bill. In the other case there is a general declaration in favour—I do not recall the exact words—of the institution of a national health program, but that is not specific approval of something in the bill itself, and on that ground I distinguish it.

[Mr. Speaker.]

Mr. Pickersgill: Perhaps I might resume my observations on second reading of the bill itself just long enough to express a regret that the government has not seen fit to take parliament into its confidence and give parliament an opportunity on the bill amending the Income Tax Act to make specific provision for double depreciation for what it pains hon. members so much to call distressed areas. When one thinks of the flights of eloquence that issued from this side of the house over the years from 1940 to 1957 from the present head of the administration, those immediately surrounding him and, not the least, from the Minister of Finance himself about the evils of government by order in council, about the restoration of the rights of parliament, about taking parliament into the government's confidence, about permitting parliament to have a share in the conduct of affairs, it does seem to me that in seeking to inaugurate a new policy of this kind it is a pretty sad thing for the government to follow the procedure of acting by order in council in a matter which they profess is going to be of such very great importance, as this was supposed to be when the advance pre-Christmas billing was given in the baby budget but which has turned out, of course, to be such a damp squib that it is perhaps understandable that the government did not want to make any reference to it in the bill. The government was so ashamed of what a poor, puny little mouse the mountain had laboured and brought forth that it preferred to have that labour in secret and to have the mouse concealed as much as possible, instead of allowing members of parliament the opportunity to discuss the matter and put forward amendments which would not perhaps affect the balance of ways and means but which might make the scheme more effective.

As I say, Mr. Speaker, it does seem to me very unfortunate that this government, which was going to restore the rights of parliament that had been so eroded, to use another of the minister's favourite words, by the previous government, should now be doing something which I cannot ever imagine the previous prime minister or any of the previous ministers of finance attempting to do in this hole in the corner fashion. It is all the more

astonishing when one recalls that the very day before the order in council was passed, whose provisions or better provisions, we think, should be in the bill itself; the very day before when anyone who knows anything about the processes of government knows that the recommendation must have been before the government, must have been in the privy council office in the last stages of being processed, the minister by every possible device of evasion evaded the simple, straightforward questions which the hon. member for Kenora-Rainy River was asking—

Mr. Fleming (Eglinton): That is not true.

Mr. Pickersgill: —in a vain effort to find out what the government was doing about this matter. Since I cannot ask the house to join me in an expression of opinion as I had hoped to be able to do, I can only express for myself profound—

Mr. Jones: Just killing time.

Mr. Pickersgill: The hon. member for Saskatoon suggests that upholding the rights of parliament is killing time.

Mr. Jones: All you are doing is killing time.

Mr. Pickersgill: Unless his leader has changed even more than I would accuse him of changing, I think the hon. member will find difficulty in getting him to support that particular proposition. However, I think we ought to have it on *Hansard* that the hon. member for Saskatoon thinks that upholding the rights of parliament is killing time, because it shows what a transformation comes about—

Mr. Jones: On a point of order, Mr. Speaker—

Mr. Pickersgill: —when hon. gentlemen sit on the treasury benches.

Mr. Jones: On a point of order, Mr. Speaker, I have never suggested and would never state that upholding the rights of parliament would be killing time. Of course we are all concerned about upholding the rights of parliament.

Mr. Speaker: Order. The hon. member has risen to make a personal explanation, which he has made.

Mr. Pickersgill: I suppose the hon. member does not consider that the time of parliament is being wasted when his friends are speaking, but like many hon. gentlemen on the back benches over there he probably thinks that the time of parliament is wasted whenever anyone in the opposition is speaking. However, sir, I recognize that I have digressed somewhat from the subject matter of the bill. I simply want to emphasize once more my profound sorrow and regret that the government, instead of taking action in a straightforward, open fashion, instead of acting in a generous way and assuming its own responsibility rather than trying to foist it on the municipalities, has chosen to act in this hole in the corner manner and not allow parliament to participate in what should be a very important piece of legislation.

Mr. W. H. McMillan (Welland): Mr. Speaker, I move, seconded by the hon. member for Kenora-Rainy River (Mr. Benidickson):

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

This house, while not opposing all the features of the bill, declines to give second reading to a bill the provisions of which do not include any changes in the tax laws for the purpose of implementing the policy proposed in the supplementary budget in order to assist areas where there is a substantial degree of continued unemployment over the years.

Yesterday the Minister of Finance took objection—

Mr. Fleming (Eglinton): Mr. Speaker, may I ask for a ruling on this amendment before it is discussed?

Mr. Speaker: The hon. member for Welland has proposed an amendment, and I think it would be appropriate to consider it for a moment before he proceeds with his discussion of it.

Mr. Fleming (Eglinton): Mr. Speaker, copies of this further amendment have not been furnished us, so I really am not in a position to discuss it in detail or comment on the detailed terms included in it. I have only heard the hon. member for Welland reading it, but it seems to me that it is a repetition, in essence, of the amendment which you have just ruled out of order. It offends the same rules of the house as that previous amendment did, including the citation at page 170 of Beauchesne, that an amendment approving part of a motion and disapproving the remainder is out of order.

Mr. Speaker: I am inclined to agree. I express my preliminary view that while there is some change in the form of this amendment from the amendment moved by the hon. member for Bonavista-Twillingate, I do not see that there is sufficient change to alter the principle which would be applicable to it. If the hon. member for Essex East wishes to speak I will hear him.

Mr. Martin (Essex East): I had thought that the case of the amendment proposed in the United Kingdom parliament in 1946 was applicable in every particular to the amendment that was introduced by the hon. member for Bonavista-Twillingate. However, Your

Honour did point out a flaw when he indicated that in the amendment proposed in 1946 the approval of the bill was in general terms. The amendment now before the house expresses no opposition to the general principles of the bill but finds an inadequacy in the bill, because it does not deal with the specific matter of providing legislatively for authority to deal with the matter of double depreciation. The amendment, therefore, which Your Honour now has before him moved by the hon. member for Welland does meet the objection which Your Honour pointed out, differentiating the amendment of the hon. member for Bonavista-Twillingate from the amendment moved in the British house in 1946.

Mr. Speaker: Would the hon. member allow me to have the text he refers to, and while I am considering it, the hon. member for Welland might continue with his remarks.

Mr. McMillan: Mr. Speaker, yesterday the Minister of Finance took objection when anyone on this side of the house referred to the exchange rate or the value of the Canadian dollar. He said it had nothing to do with these income tax resolutions. One of the clauses of this bill has to do with the imposition of a 15 per cent tax on interest on bonds held by non-residents. The minister himself, as a reason for this tax, said:

> Under current conditions it is not helpful to the balance of payments—

Mr. Fleming (Eglinton): Would the hon. member indicate what page he is reading from?

Mr. McMillan: I am reading from page 1009 of *Hansard*. The minister is reported as follows:

> Under current conditions it is not helpful to the balance of payments, to the exchange rate or, indirectly but more important, to the employment situation, to continue to encourage provincial, municipal or corporate borrowers to issue bonds in other countries.

The minister gave that as a reason for the imposition of this tax; so that our municipalities and provinces would not be going out of the country to such a great degree to borrow money. He admitted that this would increase the inflow of capital from outside and therefore increase the value of our dollar.

I think we should have some opportunity to refer to the exchange rate during the discussion of these income tax resolutions. I agree with the minister in his statement, but I do not agree that he alone and no one else in this house can discuss the exchange rate or the value of the Canadian dollar during the discussion of these income tax resolutions, and that in effect is what he said yesterday.

I suggest that if the minister did not take all the money available in Canada to meet his requirements, our provinces and municipalities would not need to go to New York to borrow money, or not to such a great degree.

The governor of the Bank of Canada said that among the problems that would have to be faced would be that of moderating the rate of capital inflow into Canada. This is what the minister is attempting to do by these income tax resolutions. At page 19 of the Bank of Canada annual report the following statement appears:

> The basic reason why interest rates are lower in the United States than in Canada is that the total level of borrowing, the aggregate demand for funds by governments, business and individuals combined, is less (proportionately) in the United States than in Canada.

I maintain that the minister is the worst offender in demanding more money from our economy. According to the minister pension funds are increasing by $300 million a year. Canadian workmen and Canadian people are putting aside $300 million a year into pension funds. All I can say in this regard is that even if the minister had impounded this $300 million each year for the last four years there would not be enough money in these funds to cover his overspending on current account alone. If the minister's money requirements during this next year are anything like the amount prophesied by the Canadian tax foundation, I suggest the provinces and municipalities will have to go to New York to get money to a greater extent than they have heretofore. If they do go to New York for money and there is a tax imposed on the income from the bonds, I maintain that the minister then will be taxing our provinces and the municipalities for their capital expenditures, because in the price of the bond and in the rate of interest the lenders will charge an amount to cover this 15 per cent tax on income from these particular bonds.

In a speech in New York the minister said that these measures were not antagonistic towards United States capital coming into Canada. However, in his budget speech he said that this measure would withdraw some of the special incentives which were designed to attract foreign capital.

I do not see how both these things can be so. In one case it is said the measure is designed to keep out foreign capital, and in the other case the minister says it is not designed to prevent United States capital coming into Canada.

In my view the real reason for the influx of foreign capital is the differential between interest rates in Canada and those in the

United States. I say that the minister himself has contributed to this differential more than any other person in Canada.

Mr. Speaker, there were some other matters with which I intended to deal. There is the question of high interest rates. The minister proposes now to tax bonds that are issued at less than par value. In the past the minister has done this and has thus allowed wealthy people to escape their rightful taxation. Now, when the provinces are doing what he did, the minister says they cannot do it. In the past he has made it possible—

Mr. Benidickson: They had to compete with him somehow.

Mr. McMillan: —for corporations with high income tax of 50 per cent or more to net about 5.3 per cent after income tax, or the equivalent of nearly 10.6 per cent before income tax.

Mr. Fleming (Eglinton): Nonsense.

Mr. McMillan: I think this is absolutely wrong, and again I say the minister should start to clean house at home before he starts after the provinces.

Mr. Speaker: I think I should now deal with the proposed amendment. The amendment which has been submitted by the hon. member for Welland (Mr. McMillan) is substantially the same as that which was dealt with earlier, the difference being that the first few lines read:

> This house, while not opposing all the features of the bill, declines to give second reading—

Whereas the previous amendment read:

> This house, while wishing to establish special measures in connection with tuition fees and non-resident investment in Canada, *inter alia*, declines to give second reading—

I think they are substantially the same. The statement that the house does not oppose all the features of the bill is equivalent to a statement that the house approves some of the features of the bill. As I said before, I do not think the house has accepted amendments which attempt to approve the bill in part at second reading and at the same time disapprove it in part. On that ground alone, I would not accept this proposed amendment.

With regard to my former ruling on the latter part of the amendment, to make clear what I had in mind, I would say that it may be asserted as a reason that the bill does some things that are not acceptable to the house, and that might constitute an acceptable amendment. But what is attempted to be said here is that because the bill does not make tax provisions to assist areas where there is extensive unemployment, the house declines to proceed.

Admittedly the bill does not make those provisions, and in my view the bill could not make those provisions without going back to the resolution stage and broadening the resolution to permit such provisions to be introduced into the bill.

That was the point made by the Minister of Finance (Mr. Fleming), and it seems to me that is an insuperable obstacle to the amendment. Therefore with regret I have to advise the hon. member for Welland (Mr. McMillan) that I do not think his amendment comes within the rule.

I must inform the house that if the hon. minister speaks now he will close the debate.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I shall be brief. I have no intention of following the practice of some hon. members opposite who have spoken of matters that lie quite outside the scope of the bill. This is not a continuation of the budget debate; it is a debate on second reading of Bill No. C-73.

Yesterday the hon. member for Kootenay West (Mr. Herridge) raised a question concerning the lapse of time between the introduction of the bill and the motion for second reading. This bill was introduced on March 2 after the antecedent resolution had been reported out of the committee of ways and means and adopted. We moved for second reading on March 15.

This is not an unusual period of time to elapse between first and second readings of the annual bill to amend the Income Tax Act. Indeed last year when I sought to move second reading, I think one week after the bill had been introduced and given first reading, objection was taken that some of those who are interested, the professional organizations who make a study of the technical features of such bills, had not had enough time to complete their detailed examination.

Therefore there has been no unusual delay in this case. It was a matter of affording the usual period of time for such study as those interested might wish to make of the measure.

The hon. member for Essex East (Mr. Martin) raised a question yesterday concerning tuition fees. I think he may not have fully informed himself of the amendment that was made in the committee of ways and means on the resolution respecting the tax position of students paying university tuition fees and the parents of such dependent students. I think he will find the answer in the terms of the measure itself. However, if the hon. member wishes to raise the matter at the committee stage, I think that would be the appropriate place in which to discuss it.

Mr. Martin (Essex East): I agree.

Mr. Fleming (Eglinton): I will not attempt to review the remarks of some hon. members. The remarks of the hon. member for Welland (Mr. McMillan) this afternoon were thoroughly wild in many respects. He has made these remarks before and persists in making them time and again and I shall not take up further time of the house with denials of these very wild assertions.

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

On clause 1—*Obligation issued at discount.*

Mr. Benidickson: Mr. Chairman, would the minister give the committee an explanation of the purpose and intent of this clause beyond that given in the explanatory notes.

Mr. Fleming (Eglinton): Mr. Chairman, I think this matter was very fully explained in the budget speech. Its necessity arises from the way in which some provinces in particular, and municipalities have been issuing bonds with a very low coupon rate and issuing them at a substantial discount. I gave some instances in my budget speech on December 20 and the hon. member is, I am sure, aware of them.

The only point which I think could usefully be added to the remarks I made in the budget speech on December 20 and to the explanatory notes in the bill, would concern the position of treasury bills. In the case of treasury bills the lender is remunerated by receiving an amount on redemption which is in excess of the purchase price of the security. This remuneration has been taxed in the past and this practice will continue. However, this income is made subject to tax by a provision already in the Income Tax Act. It is not intended that a purchaser of treasury bills should also be made subject to a further tax under these new subsections added by clause 1.

Mr. McMillan: I think the minister stated that what I said was wild. I referred to the fact that a particular bond sold at a discount returned something over 5 per cent after income tax to corporations having a 50 per cent income tax assessment. I should like to ask the minister whether that is not so.

Mr. Fleming (Eglinton): Whether what is not so?

Mr. McMillan: That it would return to corporations paying 50 per cent income tax over 5 per cent after income tax had been paid.

Mr. Fleming (Eglinton): If the hon. member is speaking about a particular case I shall have to have all the details of the case about which he is asking me.

Mr. McMillan: Yes. I am thinking of that particular 3 per cent bond which was sold at 94.65—I think that is the amount.

Mr. Fleming (Eglinton): As I indicated at an earlier stage, there is only one case since the present government came to office where an issue of bonds by the treasury would have been subject to the tax provided for in clause 1 if it had been in effect.

Mr. McMillan: The minister said my statement was wild. I said the net return would be over 5 per cent after income tax to certain corporations. Is that so or is it not so? Where is my statement wild?

Mr. Fleming (Eglinton): The hon. member has made assertions of that kind in the past and I have endeavoured to correct them. He goes on making them. If he wishes a detailed comment on what is the effective interest rate in any particular case perhaps the hon. member would give me particulars of any case he has in mind. I shall then be glad to give him an answer. I have already made my comment on the kind of statements he made in an earlier stage of this debate today. We are dealing now with the question of whether there should be a tax applied with a view to discouraging the practice of issuing these bonds at a discount price with a very low interest rate—

Mr. Martin (Essex East): Below a hundred.

Mr. Fleming (Eglinton): Let me explain. This does not apply in the case of any bond where the coupon rate is 5 per cent or more but in the case of bonds issued with a coupon rate below 5 per cent. If the effect is to create a difference of 33⅓ per cent as between the effective yield and the coupon rate, then this clause will apply a tax in the case of the first holder. This, of course, applies only in the case of issues where the issuing authority is not subject to income tax. It will not apply to issues by corporations.

Mr. Benidickson: Yesterday I quoted a newspaper report on a debate which occurred in 1959 on this subject of discounts on government bonds and the advantages which accrue under certain circumstances to people in the high income tax bracket. The minister, as usual on technical grounds, challenged me and said I should bring forward the words used in that debate as they are found in *Hansard* rather than quote from a newspaper, as I did yesterday, the slurs which he had tossed to me then in debate, just as he tossed slurs to the very well informed member for Welland today when he called his statements in connection with these matters "wild as usual".

Normally these matters would not have to be dealt with over and over again. Some of us do not have the argumentative capacity of the Minister of Finance on questions of this kind which really, in effect, results in aspersions upon the integrity and intelligence of those who have the obligation, as part of their democratic duty, to question some of the hon. gentleman's parliamentary activities. If the hon. gentleman's assertions were correct and could be substantiated, a great deal of time and debate would be eliminated because we would have no justification for continuing the argument. But I must refer back to one of the early assertions in this discussion to illustrate what we are being asked to do under this new legislation in order to reduce the opportunities for tax exempt borrowers to issue bonds at a first issue price that is considerably discounted below the eventual price which will be paid when due for repayment.

Under these circumstances, and particularly if the term of the lending is relatively short, there is a provision in our tax laws which results in a capital gain. This is exceedingly important as a bond selling gimmick, and I am using a term which the hon. member for Welland has often, and very properly, used. This gimmick, while not understood too well except to sophisticated lenders, is of extreme importance when it comes to competition among governments seeking funds from the savings of the public. This includes borrowers at federal level, and the Minister of Finance has been the giant in that field in recent years. He competes with others for the savings of Canadians and, indeed, for the savings of investors even outside Canada if he offers a sufficiently big reward for the money he borrows. The hon. gentleman competes with the municipalities and with the provinces for such funds.

Now on March 18, 1959, I referred to this subject just as the hon. member for Welland referred to it and again today. There has just been an attempt made to cut him down with a broadside that his statements were "wild". As reported on page 2027 of *Hansard* of March 18, 1959, I pointed out that the Minister of Finance was so desperate for funds he was offering special attractions, attractions which were of unusual value to people for whom a capital gain was important in relation to their income tax. Indeed, this attraction had a net result for those whose prevailing income tax rate was at least 50 per cent which was far beyond what the figures inserted by the Minister of Finance in a public advertisement might have led unsophisticated readers to imagine was the cost to the government of this borrowing.

I referred also to an other bond advertisement in the name of the Minister of Finance which appeared on February 16, 1959. In great big letters reference is made to one year plus one month bonds at nominally 2¾ per cent interest. As I say, the unknowing investor, the average citizen, might think, "We have a very competent Minister of Finance and even in these times of relatively high interest rates seemingly he is able to borrow money on our behalf at the rate of 2¾ per cent". But if we look at the fine print, we see why we have now this clause of the bill. Reference is made to the discount to certain lenders. This is all-important as I pointed out in the debate on March 18, 1959 when, as reported at page 2027 of *Hansard*, I said:

> In the minister's advertisements to the public the issue is referred to as 2¾ per cent, due April 1, 1960, issued at 97.90, a discount from 100 to yield on that basis 4.76 per cent—

That is ostensibly the effective rate of interest for everybody, not 2¾ per cent. I went on to say:

> I want to point out to the minister that the corporation tax is approximately 50 per cent and that a great number of the personal taxpayers who buy bonds are paying on the last portion of their income an income tax of at least 50 per cent. The result is that people in that category who buy these bonds would have to get a rate of 6.6 per cent on another bond sold at par in order to net the same. That is how attractive the minister has been forced to make his interest rates for his purposes.

Corrective action is being taken in this bill at this time after these things were pointed out to the minister, because the hon. gentleman found that he was not the only one who could play this game. There are other tax exempt borrowers, such as the provinces and the municipalities, and they are beating him at this game of gimmicks. So the minister is now plugging this loophole.

Following the experience of yesterday, I want only to show that the minister's attitude toward ordinary debate here has not changed over the years. Two years ago this was the kind of language used against me when I advanced in this chamber what I thought was an accurate and appropriate argument in debate on this subject. The minister referred to me, as reported at page 2027 of *Hansard* of March 18, 1959, in the following terms:

> Surely my hon. friend is not going to leave on the record a shockingly misleading and inaccurate statement of that kind.

Mr. Martin (Essex East): The minister's well known adjectives.

Mr. Benidickson: As the hon. member for Essex East says, these are adjectives which come from the mouth of the minister so

frequently that we cannot, after constant repetition, believe that they appropriately apply time after time.

I could deal with another similar short term issue of June 15, 1959 but it is not my wish to burden the committee members. However, as I said yesterday, in June 1959 there was also given an effective interest rate to a lender in a 50 per cent income tax bracket over a term of about 13 months only which would have required, if the bonds had been issued at par and at a fully stated rate of interest, a real interest rate in excess of 8 per cent. I see it was 8.27 per cent. That is what taxpayers of this country paid for money at that time.

When this was brought to the attention of the citizens of our country as we felt it our duty to do the minister tried to mow us down saying that we made misleading, malicious and inaccurate statements.

Mr. Fleming (Eglinton): I do not think I ever said malicious.

Mr. Martin (Essex East): That is a word very commonly used by the minister.

Mr. Fleming (Eglinton): No. It is a Liberal word, an Essex East word.

Mr. Benidickson: I would be the first to acknowledge that I have tremendous respect for the mental capacity of the Minister of Finance.

Mr. Martin (Essex East): Though not for his judgment.

Mr. Benidickson: Indeed, sometimes not for his judgment as for example when he bought money at rates much beyond the rates which private corporations were paying for money at that time, but I suppose the lenders thought it was dandy.

As I said, I should be the first to acknowledge the industry and fundamental intelligence of the Minister of Finance.

Mr. Martin (Essex East): And his stubbornness.

Mr. Benidickson: But one of the features of that debate that surprised me most was when the Minister of Finance told the hon. member for Welland that he was indulging in wild statements; that he did not know what he was talking about and suggested that, in so far as the length of the term of the loan was concerned, it was an insignificant matter. The debate in this connection occurred on March 18, 1959.

In the course of his remarks on that occasion the minister suggested that selling bonds at a discount was not an unusual practice and that it had been engaged in by the previous administration. The minister gave a number of examples. However, the amazing thing was that due to lack of experience in these matters or for some other reason, the minister neglected to place importance upon the length of the term of each borrowing. I think the discount figures recited were 98.5, 99.5, 97 and 99 and in each case he used as illustrations terms that were related to longer issues with the result that, to a lender in a high income tax group it was only insignificant with respect to capital gains.

We have before us in clause 1 an attempt on the part of the minister to stop this form of competition in so far as other non-taxable governmental borrowers are concerned—the provinces and municipalities. I do not in any way object to the purposes of this clause. In fact, I suggested in 1959 that a dangerous trend had been established and I felt that the minister was making opportunities available to lenders that were affecting the people who pay the shot, the taxpayers. As I say, generally most taxpayers in this area are not sophisticated and failed to realize the true cost of the minister's borrowings. I welcome this clause because I realize the trend referred to could reach ridiculous extremes.

The minister did not refer to some of his own borrowings at terrific cost to the treasury. I allude to the cost to the treasury because normally the treasury would receive more income tax from certain lenders. However, if they could avoid the payment of the tax on the capital gains portion of their lending to the government over short periods like 13 months, then the treasury, of course, would suffer a loss. Because of these comments I felt duty bound to reply to the minister's statement of yesterday when he was just as disparaging—I quoted from the newspaper rather than *Hansard*—of the possibility that I might in some way be accurate. I wish to draw this to the attention of the committee and reassert that events have proven that the warnings which were given by me in 1959 as to the dangers of competition in this field of discounting bonds, and they were also given by the hon. member for Welland, have proven to be well founded. Indeed, the minister himself has come forward now and made sure that there will be limitations on the power of his competitors in the borrowing field, the provinces and municipalities, to do what he did in a most extravagant way since he assumed office as Minister of Finance.

Mr. McMillan: The minister asked me to give him one definite bond. He said I was wild in my reference to the fact that over 5 per cent would accrue to those people paying 50 per cent income tax. He said my statement that this amount would accrue to them after they had paid their income tax was wild.

On October 1, 1959, the minister advertised bonds at 3 per cent. He sold them at $94.65, to mature in 19 months. Afterwards, on the orders of the day, he said that $125 million worth of those bonds were sold. I would challenge the minister to say that the return is not over 5 per cent net to those corporations that paid 50 per cent income tax. He asked me to name one specific bond, and I am naming it.

Mr. Benidickson: While the minister is contemplating a reply to that question—

Mr. Fleming (Eglinton): Over 5 per cent? But the hon. member was talking earlier this afternoon about 10 per cent, not 5 per cent. He used this extravagant expression this afternoon.

The hon. member for Kenora-Rainy River, when speaking earlier this afternoon, referred to what I said in this house on March 18, 1959. He told only part of the story because it will be recalled that when I was enumerating a list of issues by the former government at discounts, the hon. member for Ottawa West rose and said "Those are not short term". Then, I was able to give him another list of issues by the former government that were precisely of that nature, issues at a discount and with precisely the same effect that he was contending the issues of the present government were having at that time. The fact is—I repeat it, Mr. Chairman—that there has been only one issue in the past three years and nine months by the federal government that would have come within the scope of this present amendment had it been in effect at the time.

Mr. Benidickson: Mr. Chairman, the minister has again used very positive and assertive language. He said that I questioned the length of the term and on March 18, 1959, in reply to me, he said that length of bond terms were "precisely" the same under the former government. I will allow the minister considerable leeway over his usual extreme language. In this context he uses the word "precisely". I will send him over my copy of *Hansard* debates of March 18, 1959. I indicated that the previous government had issued bonds at times at a discount as is the common practice. But I say, the minister used the word "precisely". Will he indicate to me where any of those issues of the previous government were on a basis of anything near a 13 months term?

Mr. Fleming (Eglinton): I have sent for the volume of *Hansard*. I think the hon. member is aware that I have not the volume with me.

Mr. Benidickson: No; but I promised to send over mine.

Mr. Fleming (Eglinton): Perhaps the date may not be the same, but I was referring to the time two years ago when we had a two-day debate on a supply motion and this subject was discussed at some considerable length. I gave two extended lists of issues at discounts by the former government.

Mr. Benidickson: I agree with the hon. member's recollection of his presentation during a supply motion in 1959 of certain details respecting a lengthy list of issues of government bonds at less than par. My recollection is that on that occasion the minister recited the rate of interest and the issue price. On that occasion I was astonished that after two years in office, in answer to a question raised by the hon. member for Welland, the minister suggested that the question of the length of term of each lending was unimportant.

Mr. McMillan: The minister seems to accept my contention that 5 per cent after income tax is correct. This is one of the statements which he said was wild. He said that I referred to 10 per cent. I did not say that the government was paying 10 per cent. I said these people would receive from the minister the same amount as they would from a bond that paid 10 per cent if sold at par.

Mr. Benidickson: Just for the record, Mr. Chairman, because the minister has referred to it again today, at the resolution stage of the Income Tax Act amendments this year, the minister said as reported at page 2614 of *Hansard*:

> —out of all the federal bond issues in the last three years and eight months there is only one to which this resolution would have applied.

I have referred to two issues in 1959; one, I think, in June and one in March or April. Does the minister refer to either of those issues?

Mr. Fleming (Eglinton): My statement was one made after a detailed study prior to the supplementary budget of December 20 of all the issues of the present government.

Mr. Benidickson: The minister does not recall the particular issue to which he referred on *Hansard* page 2614?

Mr. Fleming (Eglinton): The date, no; I have not the list here at the present time.

Mr. Benidickson: It is public information. I will not press the minister for it here.

Clause agreed to.

On clause 2—*Tuition fees of students.*

Mr. Martin (Essex East): Will the minister indicate in what particular I seem to have been misinformed? My point was, briefly,

that the bill as it now reads provides for assistance for the year 1961 only. I had suggested that since the academic year began in the fall of 1960, the provision of benefits should run from that time. The minister seems to suggest that I had not properly understood what the amendment offers, and I should be very happy to be shown where I was wrong.

Mr. Fleming (Eglinton): Yes, Mr. Chairman. Subclause (2) of clause 2 makes it quite clear that the proposed new subsection (1) of section 11 as amended is applicable to the 1961 and subsequent taxation years. When this matter was discussed on an earlier occasion the question was raised as to payments made by university students in the fall of 1960 of their fees for the 1960-61 academic year. As the resolution appeared in its original form such payments would not have qualified for the intended benefits, but the amendment does open the way now to a student who did pay his 1960-61 academic year fees in September, 1960, let us say, to deduct in his 1961 taxation year that portion of the fees which was paid in respect of the period commencing January 1, 1961.

Mr. Martin (Essex East): Where does this clause say that? It is clearly stated that the clause is applicable to 1961 and subsequent taxation years.

Mr. Fleming (Eglinton): The hon. member must look further in the clause. In line 28 he will find the words, "in respect of a period not exceeding 12 months commencing in the year . . ."

Mr. Martin (Essex East): Certainly if the minister intends this to apply to 1960 that is very acceptable but I am simply pointing out that the clause does not say that. It is true that in line 28 it says, "in respect of a period not exceeding 12 months commencing in the year", but surely that is qualified by subclause 2 which says that this clause is applicable to the 1961 and subsequent taxation years.

When the bill is passed and some student will go and apply for relief, he will point out what the minister may have said in the house. The tax collector, as will the courts, will not interpret this clause on the basis of the language used by the minister in the house but on the basis of the literal meaning of the words as they appear in the clause. The clause as it is now drawn does not warrant the conclusion which the minister has reached. The only way that can be done is to say that the clause is applicable to 1960-61 and subsequent taxation years.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member has not been following me today with his usual clarity of thought. My remarks are consonant with the provisions of the bill. There will be no difference found between them and the plain language of the bill. The bill does not provide tax relief in respect of the calendar year 1960, but it does offer tax relief for periods commencing January 1, 1961.

[Mr. Martin (Essex East).]

Mr. Martin (Essex East): That is it.

Mr. Fleming (Eglinton): However, in relation to payments that were made in 1960 in respect of fees for a period commencing on or after January 1, 1961, the amendment introduced in committee of ways and means permits a student to have the benefit of deduction in respect of fees paid in relation to periods following January 1, 1961, notwithstanding that the fees may have been paid prior to that date.

Mr. Benidickson: Mr. Chairman, I want to assure the minister that I am speaking without any belligerence. However, I should like him to indicate to the extent he can, the consideration he may have given in preparing his budget proposals to alternatives so far as the actual mechanics are concerned. I think we all approve of the further step he has taken which goes beyond what was initiated by the previous administration to try to provide additional tax exemptions to assist parents and also to encourage students to remain at college.

The federal government cannot enter the field of education directly but this has seemed to be an area in which the federal government can make some contribution by way of encouragement along these lines. I have no doubt that the minister and his officials have given consideration to alternatives. However, I was greatly impressed in reading last month an editorial in an issue of a magazine or newspaper called "Labour" which is distributed to all railroad workers in the United States and also to the members of the international railway brotherhoods in Canada. The editorial comments upon proposals similar to those of the minister today which were advanced in the United States congress. It gives an example which I put before the minister because he will recognize its practical value and the fact that it can be applied to the Canadian situation. The editorial goes on to point out that there are flaws in connection with proposals for tax relief for students in college and has this to say in part:

> A $1,500 deduction would save $300 taxes for a family in the 20 per cent income tax bracket. The higher a family's income, the more taxes it would save by the deduction, up to $1,305 saving for a family in the 91 per cent tax bracket.

Here is the point that I think has significance for all of us if we are concerned about making sure that those who need help most are likely to be helped through the mechanism of income tax at the federal level where other opportunities to assist are limited. We do make grants to universities, and the desirability of doing this has been challenged somewhat in some quarters from the point of view of whether or not it was an encroachment on provincial rights. We all have knowledge of this argument. If the federal field is limited, are we looking after those whose need is greatest?

The editorial goes on to say that if, instead of a tax deduction, a credit of $500 a year were offered or any other fixed sum as a deduction from the tax of the parent or the student this would be much more consequential so far as actual value to the neediest is concerned. One realizes, of course, that while the provision before us would be of some value to the students it could be of no possible value to the parent in a family whose numbers were sufficiently large and where the over-all earnings were so modest that after deductions the parent either would have to pay no taxes at all or would not pay income tax at an important percentage rate. Therefore the relief to such a parent, who might need help most, would not be too important under the proposal before us compared with some form of fixed lump sum deduction.

I am sure the minister has given consideration to these matters and perhaps he could indicate to us what the difficulties are. It is quite obvious that the parent with a very large income really does not need to be encouraged financially to send his children to college. Under this legislation he gets the benefit of a much larger dollar value in respect of tuition fees and other deductible expenses than the man who is not paying any taxes at all or is paying taxes at such a low rate that 13 or 14 per cent of $1,500 is not nearly as important as 75 per cent or more on the same amount of tuition fee expenditure to a wealthy person.

Mr. Martin (Essex East): I wondered if the minister proposed to reply.

Mr. Fleming (Eglinton): To be brief I would say that any amendment of this kind of course does not apply to all taxpayers but only to those who qualify within its provisions. This provision is intended to provide tax relief to the student who would otherwise be taxable, and will permit him to deduct the tuition fees which he pays from his income in determining whether he is taxable or not. In the case of a parent of a dependent student it means that the amount of the tuition fees paid will be taken into account in determining whether the student is still a dependent, that is to say, whether he has an income in excess of $950 or not. If, after deducting the tuition fees, the amount of income is below $950 then that student still qualifies as a dependent under the provisions of the act, and the parent in that case is entitled to the full $500 exemption provided. I think the situation is quite clear, Mr. Chairman.

Mr. Martin (Essex East): I regret that it is not clear to me and it may be my fault. The minister has been looking over at me with some amusement and on that account I feel very humble in raising the matter again because it may be in this particular instance that I am more obtuse than I normally am. In any event, because there is an important principle involved here, I venture to raise it again.

The minister may have provided for this in some other way but he has not convinced me that he has any authority for the conclusion that he has reached. I have looked around this chamber and asked at least two others whose mental I.Q. I am sure approximates that of the Minister of Finance, even if my own might fall far short, and their conclusion is the same as mine that this measure deals not with the taxpayer who may have dependents but deals rather with the taxpayer who himself is a student. The question I have raised is simply this; this measure provides, with respect to fees paid by students beginning in January, 1961 for a period of 12 months, a relief to that student. My complaint was with regard to those fees paid by the taxpayer student for the full academic term and this measure, as now drawn, does not warrant the conclusion which the minister has given.

Mr. Fleming (Eglinton): I suggest you have misinterpreted the conclusion. I will say this again as simply as I can; there is no change created by this amendment with respect to the 1960 taxation year. The change that was made in the original resolution made it possible for the student who in 1960 paid his tuition fees in full for the academic year 1960-61, to have the benefit of a deduction in respect of those fees applicable to the portion of the academic year commencing January 1, 1961.

Mr. Martin (Essex East): I am glad the minister now agrees with me.

Mr. Fleming (Eglinton): That is all I have said.

Mr. Martin (Essex East): The original proposal I made was, why did the minister not

extend this provision for the full academic year beginning in the fall of 1960?

Mr. Fleming (Eglinton): Well, the reason—

Mr. Martin (Essex East): May I finish. I am now glad to see that the difficulty of comprehension did not reside with the member for Essex East, but perhaps because of the confusion and all the concerns and preoccupations of the Minister of Finance, it was he who had not understood what apparently all of us now admit is a very simple point; and that is that tuition fees paid in the academic year 1960 should be embraced by this measure. I will tell the minister that I have had a considerable number of representations made to me by students, most of them attending the university in my own city and many of them married. The suggestion I make if adopted would provide them with some assistance, that is, if this measure applied to fees that they either have paid or that are owing for the full term. Some of the students will graduate in May and consequently the provision "not exceeding 12 months" will give them no relief whatsoever. It applies only to those students who will be at the university from January, 1961 until December, 1961. Many of the students will graduate this year and the plea that I am making to the minister is that, while this is a good provision—

Mr. Fleming (Eglinton): Thank you.

Mr. Martin (Essex East): —and will assist during this period of the emergency of unemployment, many students—I am glad to see that the Minister of Labour applauds this today. This, in an indirect way, provides small relief to many people who are very seriously affected by unemployment. Why does the minister not extend this benefit to the period of the full term so that those who are taxpayers, many of them married, and attending university, can get this relief?

The government has embarked upon a delayed program of vocational guidance, delayed by the Minister of Labour's procrastination, and finally he has accepted our recommendations over the years—

Mr. Starr: You never had any recommendations.

Mr. Martin (Essex East): My hon. friend says we never have had any. We have made these recommendations to the Minister of Labour repeatedly while he sat in his seat ignoring this question of unemployment.

Mr. Starr: Quit laughing when you say that.

The Chairman: Order. May I suggest that the exchange between the hon. member for Essex East and the Minister of Labour is not in order.

[Mr. Martin (Essex East).]

Mr. Martin (Essex East): I think you are right. I was simply going to say that if the Minister of Labour had the equanimity and the serenity of the Minister of Finance he would not provoke these outbursts.

I appeal to the Minister of Finance, now that he and I do understand this question, to extend the benefits of this provision for the full term so that the 12 months covered in line 28 would run from September or early October to the end of the academic year in the spring of 1961. If the minister would do that he would win, I am sure, the undying affection of thousands of students who find it difficult to follow him now.

Mr. Fleming (Eglinton): Mr. Chairman, I am glad that the hon. member now understands the effect of that clause. He attributed some element of misunderstanding to me and I hope I have not added to his confusion because that is the last thing I would wish to do. I thought the only thing I did not understand in this situation was the mental process that led him into such confusion in regard to the clear provisions of the clause. I have known the day when he was much clearer in following these explanations of the terms of these clauses than perhaps he has been today.

Let me now deal with the point in substance that he has raised. With respect to any tax change there must be a starting date. In this particular case the budget was introduced on December 20, 1960 and therefore the logical starting date was January 1, 1961. We are dealing with tax years and it is the calendar year that is the taxation year. It is not the academic year; it is the taxation year.

The hon. member has now taken note of the fact that fees paid in 1960 in respect of the academic period commencing January 1, 1961, can be deducted.

Mr. Martin (Essex East): Yes, I am clear on that.

Mr. Fleming (Eglinton): As to students who were in attendance in 1960 and paid their fees in the autumn of that year, if those students continue in attendance throughout the calendar year 1961 they will of course qualify for the academic fees they have paid for the full year 1961; that is to say, the two portions, the portion paid in respect to the term from January to May in the one academic year and the second portion from September to December in the following academic year.

With respect to those students who will be graduating in the spring of 1961, obviously they will qualify under this clause only for

that portion of the fees paid for the 1960-61 academic year in respect of the period commencing January 1, 1961.

There must be a starting date and that is the reason why the particular date is chosen. Obviously the proper date to choose here was January 1, 1961, which was then within 12 days of the date of the budget and marked the beginning of the new taxation year.

Mr. Herridge: Mr. Chairman, before the minister rose I intended to rise very briefly in support of what I thought was a very eloquent and earnest plea by the hon. member for Essex East. I listened carefully to the minister's explanation. We all understand that there is a calendar year and there must be a starting date. However, I think this is a somewhat different circumstance than applies to most taxation fields. I think the hon. member for Essex East was quite sound when he pointed out that those students who graduate in May this year will only enjoy partial benefit under this measure.

These young people will be going out into the world to seek employment, and so on—

Mr. Martin (Essex East): And these students are themselves taxpayers.

Mr. Herridge: Yes, Mr. Chairman, that is a very good point and I am glad the hon. member for Essex East has mentioned it. I do ask the minister to reconsider his decision in this respect. I think that under these circumstances, when we are considering giving some relief to these students, this amendment is very necessary and very worth while. The members of this group are very pleased to see this clause in the bill, but I would earnestly ask the minister to permit an amendment to the clause to provide for the inclusion of fees that are not included at the present time. I refer to fees incurred from last September to the end of the year.

I fully appreciate the minister's argument about the starting date, the calendar year and so on. If I recollect correctly, we have not previously had a situation of this kind in any discussion on the Income Tax Act. These are special circumstances that surround this request for an amendment to the clause.

Mr. Fleming (Eglinton): Mr. Chairman, when you begin to go back on new legislation you have the same problem of drawing the line. What we are asked to do now is move the date back to September, 1960. What about those students who graduated in the spring of 1960 and paid fees in respect of the term in 1960 from January until May? If they were left out, they would have the same reason to complain.

You can go back further. Those students who graduated the previous year could make out the same case. It becomes necessary, under these circumstances, to draw the line. There will always be some people who will be included and some who will be excluded in new legislation of this kind. That will apply no matter what date we choose. There will always be those who made their payments in an earlier period. That is inescapable in legislation of this kind.

Mr. Herridge: I am sure the minister would have the support of the whole opposition if he accepted this amendment. We recognize the validity of his argument in this respect, but I think he would have the support of the whole opposition if he would accept the amendment on that basis, because it is a reasonable request.

You cannot go back year after year, but when you are considering the student year, I agree with the argument of the hon. member for Essex East that the measure should be amended in this way.

Mr. Martin (Essex East): Mr. Chairman, I am so encouraged by the support of the hon. member for Kootenay West that I think there may still be some hope of impressing the Minister of Finance.

I agree with the minister that there has to be a starting date, but surely the proper starting date is not the middle of the academic year but the beginning of the academic year. The beginning of the academic year is in the fall. The minister has made this measure start in the middle of the year. I am sure that if this amendment were accepted the loss of revenue to the crown would not be very great.

Clause 2 provides for this kind of relief extending for 12 months in the year. Subclause 2 provides that this clause is applicable to the 1961 and subsequent taxation years—it is going to extend for many taxation years—and time being what it is, surely it would not be a matter of inconvenience to the crown for the measure to begin at the proper time. As I have said, the proper time is not the middle of the academic year but the beginning of the academic year.

We are not asking for a privilege to be afforded to a select group in the country. University education in Canada today is not being pursued as it was in the days of the Minister of Finance and myself, on a somewhat restricted basis. In our universities today we have men who are attending university and working at the same time. Many students are married. The students who came to see me were men who were earning their way by working in one of the Windsor plants. Some of them were married.

It is a very difficult assignment for this type of student to obtain an education under these

circumstances. I know the particular financial situation of people like that. The hon. member for Kootenay West, the hon. member for Kenora-Rainy River and myself are making a plea for a very substantial number of people. We hope that the minister will be consistent and will apply this measure, as he said, at the proper period. The proper period is surely not the middle of the academic year but the beginning of the academic year. If the minister would do that I am sure he would be giving needed assistance to a large body of students in this country, particularly at a time when we are trying to encourage men to become trained in order to maintain our standard of living and to raise it still higher. This is all part and parcel of the process of trying to meet unemployment and the like. This does not seem to be an unreasonable request.

Once again I appeal to the minister, who knows the value of this kind of training, who received it himself in circumstances that indicated his own capacity for acquiring an education in the face of difficulties. I ask the minister to remember his student days, the days when he walked across the campus of the University of Toronto with holes in his pants and his stockings. I ask him to remember his own example, and I hope this will be the means by which he accepts the strong plea made by those on this side of the chamber.

This is the kind of occasion when the minister should swallow his pride. He should not be afraid to admit that he has made a mistake. This is the kind of admission that would endear the hon. gentleman to the hon. member for Essex East.

Mr. Fleming (Eglinton): Mr. Chairman, I am sure that nothing the Minister of Finance could possibly do could have the effect of endearing him to the hon. member for Essex East more than is the case at this present time.

Mr. Martin (Essex East): I do like you.

Mr. Fleming (Eglinton): I do not recall the holes that the hon. member speaks about. I think I was decently, if modestly, attired in those days.

Mr. Martin (Essex East): You could not see from behind.

Mr. Fleming (Eglinton): Mr. Chairman, I have given the reasons in this matter. I can add to those reasons only that after the resolution was introduced on December 20 there were representations from various student bodies and from some hon. members of this house. I recall, for instance, what was said by the hon. member for Regina, and others. The burden of these representations in this respect was that we should permit the inclusion in the benefit of the clause of payments made by some students in 1960 in respect of that portion of the academic year 1960-61 commencing after January 1, 1961. That was the burden of the representations we received from the student bodies, and effect was given to those representations in the amendment which I introduced into the resolution in the committee of ways and means. It is now reflected in this clause.

I am glad that the merits of this new proposal are so widely recognized that hon. members who have not even raised the question in the past, now think so well of the idea that they would like to see it extended backwards.

Mr. McMillan: I should like to ask the minister a question. Supposing a student starts attending college this coming fall, in September, and has paid his fee, say, $400. Will he be able to charge that $400 against income tax in 1961 or must it be allocated over the number of months he goes to college?

Mr. Fleming (Eglinton): In such a case the student could take the full benefit in the year 1961 or he could take part of it in 1962 if the payment was made in respect of the academic year 1961-62. But he could not have it twice.

Mr. Benidickson: I wish to suggest to the minister that he might be able to find an easy way around this difficulty. There is already precedent in the Income Tax Act. I refer to the language which relates to medical expense deductions. There is not a direct tie-up between expenses incurred in the tax-paying calendar year such as the minister suggests is generally necessary. It is stated there that the reduction for medical expenses shall be within the period of 12 months ended in the tax year and not included in the calculation of a deduction for medical expenses for a previous year.

We all know that normally the academic year in this country does not coincide with the calendar year. I am confident the minister will have to make a change to take cognizance of this fact in the future and I suggest that we should let this section stand until we have dealt with the remainder. I should like the minister to consider whether or not he ought to look further at the possibilities in the light of this precedent relating to deductions in respect of medical expenses which, though they confine the deduction to expenditures incurred in a 12-month period they do not necessarily relate to the actual 12 months of the calendar year for which a person has filed an income tax statement.

Mr. Herridge: I think the agile mind of the hon. member for Kenora-Rainy River has helped the committee to arrive at a solution to this difficulty. I may say that the hon. member for Kenora-Rainy River, the hon. member for Essex East and the hon. member for Kootenay West seem to be three hearts that beat as one on this issue. I think this is a very worth-while suggestion. I think the argument raised by the hon. member for Kenora-Rainy River is a valid one and I should like to hear the minister's counter argument. I do not see why the minister should be unable to take action along the lines suggested.

Mr. Benidickson: I thank the hon. member for Kootenay West for his compliment, though I do not think my mind is as agile as it should have been on this point. I recall now another precedent which I think might be helpful, where deductions are not related to the calendar year. I am thinking of the deduction which is made possible for self-employed persons in connection with savings plans for the period after their retirement, plans made on a basis resembling payments into a pension fund. My recollection is that such self-employed persons are able to make those contributions without strict restriction to the calendar year. I believe they had an additional leeway of two months—the months of January and February in the year following the calendar tax year—in which to make that contribution.

Mr. Fleming (Eglinton): The point raised by the hon. member for Kenora-Rainy River does not at all touch the problem which has been raised. The point he is raising is really in support of the answer I gave the hon. member for Welland, who asked about the applications of payments made once the clause comes into effect. I pointed out that this new clause extends to a student the benefit of being able to divide the payment between the calendar years embraced in part within the academic year.

This does not touch at all the question of the starting date. There still has to be a starting date and whatever date is chosen we shall find some qualifying after that date and others excluded, just before that date. That is inseparable from the legislation of this kind. We have to fix a date, and we have made the date conform with the first day of this present calendar year. That was a sound and proper date having regard to the date of the introduction of the budget, and the change we have made in this clause in favour of students in the academic year 1960-61 is made in full harmony with the representations addressed to us by the student bodies of this country.

Mr. Martin (Essex East): We have heard a suggestion from the hon. member for Kenora-Rainy River which I hope the Minister of Finance will accept, namely, to allow this clause to stand so that we may make some progress with the rest of the measure before us. Perhaps the minister would wish to think this over. If, after reflection, he is still of the same mind he could tell us so but I would suggest that this clause should stand at the moment in order that we could make some progress.

Mr. Fleming (Eglinton): I should very much like to see the committee make some progress, although I cannot accept the suggestion which has just been made. We have already spent three quarters of an hour discussing this question. Nothing new has arisen in the debate; these matters have all been considered previously. I should certainly like to see some progress made so that we might pass this bill and give effect to the benefits for students which it contains.

Mr. Martin (Essex East): The minister himself may not be impressed by the arguments which have been made. He has said repeatedly that there must be a starting date and our suggestions as to the date differ. This is a question involving executive decision. The minister makes recommendations to his colleagues, and they have as much responsibility and as much right to pass on a suggestion of this kind as has the Minister of Finance himself. In the interest of a quick passage of this bill I recommend once more that the minister should allow this clause to stand. He would then have the opportunity to discuss it with his colleagues and see whether they do not agree with the representations which have been made from this side. The fact that the minister does not agree is no reason for believing that there may not be others in the cabinet who would take the position put forward from this side of the chamber, and if I judge correctly the temper of this committee there are very few members supporting the minister today who do not share strongly the views which we have put forward on this question this afternoon.

Mr. Herridge: I wish to support the proposal made by the hon. member for Essex East. When he referred to the silent sympathy with his arguments felt by members supporting the government I looked to my left and happened to see the hon. member for Brome-Missisquoi. If I read that hon. member's countenance aright he has been very sympathetic to the arguments used by the hon. member for Essex East. Perhaps if we defer consideration of this clause there may be enough young Conservatives down at the Progressive Conservative organization who will express

their views and bring this matter further to the attention of the minister and his colleagues. I think the suggestion is a good one. By delay, we might make some further progress.

Mr. Grafftey: The hon. member brought up my name in this debate. Let me say that I heartily concur in what the Minister of Finance said. I only hope we can make speedy progress and pass this legislation which is for the benefit of all Canadian students. I see no reason for there being any delay.

Clause agreed to.

Clause 3 agreed to.

On clause 4—*Part payments.*

Mr. Benidickson: Mr. Chairman, would the minister indicate again the number of taxpaying corporations that are in the area for which a change is provided here?

Mr. Fleming (Eglinton): Is the hon. member not referring to clause 5 rather than clause 4?

Mr. Benidickson: Yes. The point I was going to make with respect to clause 4 is this. The minister has in front of him some tax experts and I should appreciate hearing their comment through the minister concerning the analysis of the baby budget published in the *Journal* of the Canadian tax foundation, issue of February, 1961, in which an interesting observation was made by a partner in the well-known accounting firm of Price, Waterhouse and Company, Mr. W. C. Shakespeare.

Mr. Shakespeare points out that the proposals under clause 4 will be reduced in some measure by the amendments that were made with respect to associated companies in the main budget in March of 1960. Would the minister care to comment in that connection?

Mr. Fleming (Eglinton): Mr. Chairman, I do not think the hon. member has the right clause here. There is nothing in clause 4 that relates to associated companies.

Clause agreed to.

On clause 5—*Idem.*

Mr. Benidickson: Mr. Chairman, I wish to revert to the question I had in my notes made some time ago where I had it under numerals that referred to the original resolutions rather than to the clauses of the bill recently presented.

In clause 5 reference is made to the so-called small business corporations. Would the minister please indicate how many corporations might be affected and benefit as a result of the reduction in the tax rate from 50 per cent to 21 per cent which of course includes the calculation for the old age security tax. I have before me notes I made some time ago which indicate that perhaps 55,000 out of 65,000 tax-reporting businesses have profits under $35,000. Would that be a reasonable report?

Mr. Fleming (Eglinton): Mr. Chairman, if the hon. member will refer to my budget speech, as reported at page 1007 of *Hansard* of December 20, he will find I dealt with the matter thus:

> The present proposal to enlarge this bracket by a further $10,000 to $35,000—

That is, the income bracket to which the low rate applies. I continue:

> —will extend the benefit of the low rate of tax to an additional 4,000 companies. Out of approximately 62,000 corporate income tax payers 55,000 have incomes below $35,000, and will in future pay no more than 21 per cent.

Clause agreed to.

On clause 6—*Pension trust or corporation.*

Mr. Benidickson: Mr. Chairman, could the minister indicate to what extent his investigation suggests that Canadian pension funds as they exist now without this legislation do not already comply with what is proposed? Would not practically all pension funds in Canada at the moment be set up on a basis providing that about 90 per cent of their income is derived from sources in Canada.

Mr. Fleming (Eglinton): Mr. Chairman, there is no precise information available on that point.

Mr. McMillan: Mr. Chairman, my understanding is that pension funds now pay no income tax.

Mr. Fleming (Eglinton): That is correct, if they are registered.

Mr. McMillan: My question is this. Suppose a pension fund did not meet these investment requirements. What income tax would they be called upon to pay?

Mr. Fleming (Eglinton): If the registered trust or registered pension fund does not qualify, it would then be a matter of the tax falling on the trustee as an individual.

Mr. Benidickson: A further question, Mr. Chairman. The minister I know is very familiar with what used to be called the blue pension book issued under the name of the Minister of National Revenue which had a connection with qualifications for certification or acceptance—

Mr. Fleming (Eglinton): Registration.

Mr. Benidickson: Yes, registration. What is the present equivalent of the book with the

form of which I was more familiar three or four years ago? Is there still a publication of this kind made available by the Department of National Revenue?

Mr. Fleming (Eglinton): The blue book to which the hon. member refers ran out of print a while ago and has not been reprinted. There was an information bulletin put out for a limited period but it was withdrawn. As I pointed out in our discussion last year as the matter now stands the blue book is simply out of print.

Mr. Benidickson: What does a new organization setting up a pension fund do in the most direct and simple way to ascertain governmental views as to the qualifications of their proposals that might result in the least possible tax burden in so far as the pension fund is concerned?

Mr. Fleming (Eglinton): The pension trustees in question simply make application to the department for registration of their plan as they have had to do ever since the legislation came into effect.

Mr. Benidickson: But there is no explanatory book available at the moment similar to the former blue book?

Mr. Fleming (Eglinton): Not at present, no.

Mr. McMillan: Mr. Chairman, I think the minister said the income tax burden would fall to the responsibility of the trustee in connection with a pension fund if the investment requirements were not met.

Mr. Fleming (Eglinton): Yes, the income of the fund will be income in the hands of the trustee unless it qualifies under the terms of the act. The method for qualification for exemption under the act is quite clear and simple, and this bill deals with one requirement in that respect.

Mr. McMillan: Would they then pay 21 per cent if those requirements were not met?

Mr. Fleming (Eglinton): It would depend, of course, on whether the trustee were a corporation or an individual.

Clause agreed to.

On clause 7.

Mr. Benidickson: I rather imagine that the officials of the department have given some thought to what results might flow from this new legislation respecting mutual funds. Have these funds, to the knowledge of the department, been investing in sizeable percentages in foreign securities?

Mr. Fleming (Eglinton): No, I do not think one can say that, Mr. Chairman. Some of these companies do publish their statements, but we have not information from them all in this respect, and I cannot be precise in an estimate in this regard.

Mr. Benidickson: Has the minister given consideration to the drafting of this clause? It seems to make reference to revenue. Gross revenue percentage figures are used, not a percentage of assets invested abroad. It seems to me it could be possible in a deliberate way for such organizations to invest perhaps rather heavily in no-dividend paying foreign growth stock. As I see it, that would not come within the compass of the word "revenue". The actual investments might be made in foreign securities that are non-dividend paying. Has that been given consideration?

Mr. Fleming (Eglinton): Yes, it was given consideration. We have to think of all these changes on the basis of income. There is a theoretical element in the view put forward by the hon. member, but I think it is a practical view that is contained in the clause.

Clause agreed to.

On clause 8—*Associated corporations.*

Mr. Benidickson: We refer to taxes on associated corporations. I have forgotten the difference in the tax rate with respect to utility corporations engaged in electrical energy, gas and steam business, based on whether they are described as having class B income or class A income. What is the significance?

Mr. Fleming (Eglinton): Corporations deriving more than 50 per cent of their gross revenue from the sale of electrical energy, gas or steam, are subject to special rates of tax provided by section 85 of the act.

Mr. Benidickson: You are calling these clauses in the bill very rapidly, Mr. Chairman. I have a reference here to clause 4, in the discussion of which I was told that I was perhaps not relevant. I raise now a question with respect to associated corporations. The amendments made in the fall of 1960 reduced what, on the face of it, might, appear to be a fairly general and broad advantage to companies whose net incomes are in excess of $25,000 and under $35,000.

Mr. Fleming (Eglinton): Mr. Chairman, all that this subclause does is to extend to the associated corporations herein described, the benefit of the increase from $25,000 to $35,000 of the corporate income that now attracts only the lower rate of tax. The amendment substituted the figure $35,000 for $25,000 and the figures $6,300 for $4,500. This, of course, is consequential on the amendment made by an earlier clause.

Mr. Benidickson: For the record, in reference to this particular clause, I am simply going to give the committee the benefit of expert comment in connection with it. I refer again to the Price Waterhouse statement in the Canadian Tax Journal. So far as I am concerned I am hoping we can conclude our discussion by six o'clock and if the minister will be patient I think we can do it. The statement reads:

> On the other hand, the changes in the rules relating to associated companies made earlier in 1960 will limit this benefit to a smaller number of taxpayers than previously enjoyed the lower rate.

Mr. Fleming (Eglinton): Of course, the reasons for the 1960 amendment were clearly understood at that time. The legislation that had existed up to 1960 had evidently attracted a proliferation of those associated companies, each seeking to qualify for the low rate of tax. And, for reasons which commended themselves to parliament, the amendment of 1960 was introduced and adopted. What we are doing here is simply carrying through the consequential amendments in regard to the application of the reduced rate to the income.

Mr. Benidickson: The minister gave statistics as to the number of tax-paying corporations which might benefit and be in this profit area, between $25,000 and $35,000 and about which he directed my attention to his budget speech of December 20. Were his figures then based on statistics available prior to or after the budget of March, 1960, which perhaps reduced the number of associated companies which could actually benefit at the lower tax rate?

Mr. Fleming (Eglinton): Of course there were no statistics available in respect of 1960, because we did not have the 1960 returns in at that time, but this is the statistical information available as of 1959.

Clause agreed to.

On clause 9.

Mr. Benidickson: This clause contains one of those phrases which formerly and invariably aroused the curiosity and sometimes the excitement of the Minister of Finance when he was sitting on the opposition side. Having been well schooled in the careful supervision of these bills that he used to provide, I do feel obliged to ask a question about clause (1) (ii) (B), which gives notice that certain regulations are likely to be prescribed by order in council, which used to be a bad term to use in legislation. What are the intentions and requirements of the government, as the minister sees them now, in utilizing this opportunity which the statute would provide to give the cabinet in council the right to make an order or a regulation under this clause?

Mr. Fleming (Eglinton): Mr. Chairman, these words "prescribed by regulation" apply only to the words "any international organization or agency". This was intended to have application to the purchase of securities by organizations such as the international bank for reconstruction and development. This is in keeping with the practice in, I think, most if not all of the countries that are members of the international bank. As I have said, in this respect we simply propose to follow the practice that has prevailed in other countries that are members of such organizations as the international bank.

Mr. Benidickson: Mr. Chairman, you realize we have several pages of this clause which could be passed too rapidly. We are now dealing with clause 9. This clause involves the underlying principles of increasing withholding taxes on bonds and stipulates that the new taxes will not be retroactive—and I agree with this policy—but will apply only after notice as given by the minister in his supplementary budget speech on December 20. I am led to believe, however, that this is going to result in two ranges of prices and quotations for similar securities in the investment market. There will be quotations with respect to pre-December 20 and post-December 20 issues which have the same nominal rate of interest and length of term. One will not bear a tax and the other will bear a tax.

This is a rather technical matter and I am not going to burden the committee with it because I do not understand some of the intricacies myself. There will ensue a great distinction between the advantages of the pre-December 20 issues and the post-December 20 issues so far as certain types of borrowers are concerned, particularly those abroad living in areas where income tax is not paid, and I am given to understand that difficulty and confusion will arise as a result of this situation.

In other words, we know that hitherto there has been a general level of quotations on issues of the federal government, which quotations are based on interest rate and the term or time for payment of the principal but now, irrespective of these basic factors there will be a different set of quotations relating to bonds issued before December 20 compared with those issued after December 20 even though they may mature at the same time.

Mr. Fleming (Eglinton): Mr. Chairman, every issue is quoted separately in the market as to its market value from time to time, so that I do not think the point can arise except in a theoretical or academic sense.

The only situation where I could see a problem arising would be if some issuing authority decided after December 20 to issue more bonds of the same maturity and with precisely the same terms as an issue prior to December 20, in other words, to enlarge the existing issue. The point might arise there but otherwise I think it can be no more than an academic question.

Clause agreed to.

On clause 10.

Mr. Benidickson: This clause refers to the increase in the withholding tax with respect to dividends paid to a non-resident corporation. The minister has recently returned from Washington. I take it that difficulties were not substantial or perhaps were non-existent with respect to the tax treaty with the United States and these income tax changes. On the other hand, we have a number of tax treaties with other countries in respect of which the decision taken by the minister in his supplementary budget last December would not result in an automatic change in the tax arrangements on a reciprocal basis by the other party. What countries are in that category where the implementation of this clause will not be effective until further negotiations take place with respect to the existing tax treaties? In the case of the United States they took action automatically and their action cannot be regarded as retaliatory at all. It was simply foreseen in the setting up of the tax treaty that in this context if one country made any such move the other country would automatically do so and could do so without in any way abridging the basic purport of the treaty.

Mr. Fleming (Eglinton): We have tax treaties specifying the rate of withholding tax with the United Kingdom, the Netherlands, Sweden, Ireland, Denmark and Finland. Agreements have been negotiated with Belgium and Norway but these have not yet been ratified by parliament.

Clause agreed to.

On clause 11—*Income and capital combined.*

Mr. Fleming (Eglinton): Mr. Chairman, there is an amendment to clause 11 which I would ask my colleague, the Minister of Labour, to move, seconded by the Minister of Forestry.

Mr. Starr: I move, seconded by the Minister of Forestry:

That Bill C-73, an act to amend the Income Tax Act, be amended by adding thereto, immediately after line 40 on page 9 thereof, the following:

"(3a) Where a person resident in Canada has, at any time after March 16, 1961, sold to a non-resident person a treasury bill issued by Her Majesty in right of Canada or a province, that proportion of the amount by which

(a) the amount payable on the maturity of the bill, exceeds

(b) the price for which the bill was sold by the issuer (or if more than one such bill was included in the same issue, the product obtained by multiplying the average price per $100 for which the bills so included were sold by the issuer by the number of multiples of $100 in the amount mentioned in paragraph (a)), that

(c) the number of days in the period commencing with the day the bill was issued and ending with the day of its maturity that were after the day the bill was sold to the non-resident person, is of

(d) the number of days in the whole of that period, shall, for the purpose of this part, be deemed to be a payment of interest made by the person resident in Canada to the non-resident person at the time of the sale of the bill to the non-resident person, except that where it is established that, at any subsequent time before the maturity of the bill, the non-resident person has sold the bill to a person resident in Canada, the amount of the tax under this part that the non-resident person is liable to pay in respect thereof shall be deemed, for the purpose of subsection (7) of section 123, to be that proportion of the tax that he would otherwise have been liable to pay in respect thereof that the number of days in the period commencing with the day the bill was sold to him and ending with the day the bill was sold by him is of the number determined under paragraph (c).

(3) subsection (3) does not apply in respect of a payment to a non-resident person under any obligation in respect of which that person is liable to pay tax under this part by virtue of subsection (3a)."

Mr. Fleming (Eglinton): Mr. Chairman, I have furnished copies of this amendment today to hon. members of the opposition parties. It is an amendment relating to the sale of treasury bills. There is one change in the text of the proposed clause compared with the copy I gave the hon. member for Kenora-Rainy River. In the second line of the proposed subclause 3(a) he has the date "March 15, 1961" in his copy. It should be today, of course, and accordingly in the amendment which has been handed to the chairman it is March 16, 1961. Unless the chairman wishes to read the amendment first, I should like to say a word by way of explanation. The amendment is very long and perhaps it is not necessary to read it. The explanation is to this effect.

This amendment, which adds a new subsection to section 108 of the act, is necessary to facilitate the collection of the non-resident withholding tax on interest in the case of treasury bills sold to non-residents.

Treasury bills are generally sold without a provision to pay interest in the usual way. Instead, the lender is remunerated by receiving an amount on redemption which is in excess of the purchase price of the security.

This remuneration is in lieu of interest and should be taxed as interest. It has always been taxed when received by a resident of Canada but before December 20, 1960, it was not taxed when received by a non-resident because the non-resident withholding tax did not apply to interest paid on government of Canada securities.

This amendment provides that when a resident of Canada sells a treasury bill to a non-resident the non-resident shall be deemed to have received a payment of interest. The amount of interest he shall be deemed to have received shall be equal to the proportion of the difference between the original issue price and the face value of the bill, that is, the proportion of the original discount, which is attributable to the unexpired portion of the term of the bill remaining at the time it is purchased by the non-resident.

Since this amendment deems interest to have been paid to the non-resident at the time the non-resident purchased a treasury bill the Canadian resident who sells the treasury bill will be obliged to withhold the 15 per cent non-resident withholding tax on the amount that is deemed to be interest.

If at some subsequent time before maturity the non-resident sells the treasury bill back to a Canadian resident the non-resident will be eligible for a refund of that part of the tax he has paid which is attributable to the unexpired portion of the term of the bill.

In other words, in this case the interest deemed to have been earned is prorated in respect of the period that the bill is held by these several holders.

Mr. Benidickson: I cannot recall the definitions as contained in the act but when the minister refers to a Canadian resident does that mean, so far as treasury bills are concerned, a government, in other words, a non-taxpaying borrower via treasury bills? Is it only a government that issues treasury bills or would a commercial organization issue treasury bills as well?

Mr. Fleming (Eglinton): I am not aware that any treasury bills are issued by corporations or by anyone other than the government in this country.

Amendment agreed to.

Clause 11 as amended agreed to.

On clause 12.

Mr. Benidickson: Clause 12 as I recall involves some amendment since it was originally brought forward in December, with proper notice to the house in *Votes and Proceedings* under a policy I have given the minister credit for initiating in the past. Regarding new 110B (1)(b)(iii), is this a right that is already available to the executive under the section that is being repealed? While we are discussing this portion perhaps I could ask a question with respect to (2) of the new 110B (d) which reads:

> a corporation that was incorporated before the first day of July, 1867—

It is my understanding that there will exist perhaps some embarrassment regarding some foreign companies operating through an unincorporated subsidiary in Canada. I am thinking of the Hudson's Bay Company. It enjoys a very ancient and unusual charter. Would that company find any special difficulty in attempting to incorporate a Canadian company at this time? As I understand it, these foreign corporations who operate branch businesses without incorporation in Canada, pay full Canadian taxes, federal and provincial. I understand this new tax will be paid after the normal full federal and provincial taxes have been deducted, and if so, the tax would not be, for example, simply 15 per cent added to the present federal corporation tax of 50 per cent but would be based on the formula which I have outlined and perhaps would be nearer a rate of 57½ per cent instead of the present tax of 50 per cent. Is that perhaps the practical result for the majority of such branch businesses in Canada owned by companies abroad which do not have incorporated subsidiaries in Canada?

Mr. Fleming (Eglinton): Yes. The 15 per cent is calculated on that portion of taxable income remaining after the regular income tax has been deducted. This will not amount to 57½ per cent but will be something less than that by reason of the lower rate of tax to which the first $35,000 of taxable income is subject.

In one or two United States newspaper articles appearing after the budget there was a complete misapprehension on this score. Some articles referred to a tax of 65 per cent. These reports were quite wrong. So far as the regulations referred to by the hon. member are concerned—110B (1)(a)(b)(iii)—they are of course not available yet and cannot be settled or promulgated until this legislation has been passed and receives royal assent.

Mr. Benidickson: Regarding the question I raised with respect to (2) (d), am I right in thinking that this is an amendment that was advanced after the budget resolutions of December 20 and perhaps was advanced to meet some of the representations that were made by this rather unusual company, the Hudson's Bay Company?

Mr. Fleming (Eglinton): Yes.

Clause 12 agreed to.

Clause 13 agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read the third time, now?

Mr. Benidickson: Next sitting of the house.

Mr. Fleming (Eglinton): Would the hon. member allow this bill to be read now so that it can go to the other place?

Mr. Benidickson: Has the other place any particular need of this bill now? I know this is not debatable, Mr. Speaker, but I would prefer to have an opportunity to reflect on the rather long amendment which the minister will agree, was only introduced this afternoon, almost three months after presentation of his supplementary budget on December 20.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

1. Departmental administration, including advisory committee on agricultural services, $911,098.

The Deputy Chairman: It being six o'clock I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Horner (Jasper-Edson): Mr. Chairman, in speaking on the estimates for the Department of Agriculture I should first of all like to take this opportunity to congratulate the minister on his new portfolio. I am sure he will continue the good work which he carried out in his former portfolio, with which I was closely connected as a result of my interest in national parks.

I am sure that agriculture all across Canada will receive the proper and deserved attention of the new minister. He has already made some notable strides in the department. We in Alberta particularly have witnessed the massive sales of grain which are going to be of direct benefit to the farmers in our province, for which we thank him. We thank the minister and the former minister of trade and commerce for their initiative and ability in getting out and selling our grain.

At this time I wish to touch briefly on some of the major points in our national agricultural policy. I want to mention our crop insurance scheme. We in western Canada have heard some opposition to this scheme, but we have not heard anything objective.

I should like to suggest through you, sir, that some of the M.L.A.'s in the Alberta legislature would be better off to start considering a crop insurance scheme, rather than making speeches condemning the government for this, that and the other thing. We have initiated a crop insurance scheme which will be of benefit particularly to the farmers in my area. I hope the Alberta legislature will give serious consideration to implementing such a scheme in our province.

Then, I want to talk about farm credit. Certainly no other government has done as much as this one for farm management and the improvement and establishment of economic units in western Canada. My friends in the Liberal party talk glibly about some of the agricultural problems in western Canada. Their glibness is notable for its absolute lack of policy with regard to western agriculture.

I should like to say to the minister through you, Mr. Chairman, that we must be always on the look out to make sure the farm credit corporation does not become stereotyped in its form of loan because, in western Canada and in my area particularly, we have a variety of soils and a variety of farming operations that are suited to the area. I should not like to think that because certain areas in my constituency cannot raise one thing but can raise another they will be hampered in securing from the Farm Credit Corporation proper loans to go ahead and develop a particular kind of agriculture.

Then I would move on to the stabilization act. I think that was a great stride forward, even though the hon. member for Assiniboia did not agree. However, the new program for hogs and eggs has worked out well. As with any new program, some wrinkles will need to be ironed out. The farmers in my constituency feel very strongly that we should give consideration to at least semi-annual deficiency payments on hogs and payment on a regional basis. We feel that the deficiency payment on eggs might be made on a quarterly basis.

Mr. Martin (Essex East): That is the position of the Liberal party.

Mr. Horner (Jasper-Edson): I will tell my hon. friend the position of the Liberal party in a moment or two. We know their position in western Canada. We know the Liberal party is dead. We know they have not any agricultural policy. I can also quote what the hon. member for Essex East said when this program was brought into the house. He threw it aside and said it was nothing. He did not know what he was talking about. He made a big speech for an hour and a half—

Mr. Martin (Essex East): Mr. Chairman, would the hon. gentleman permit a question?

Mr. Horner (Jasper-Edson): If you will wait until I have finished my speech I will answer all the questions you wish to ask.

Mr. Martin (Essex East): Thank you.

Mr. Horner (Jasper-Edson): As I was saying, the initiation of the new program for hogs and eggs required a great deal of courage on the part of the former minister of agriculture. We in Alberta are particularly proud that he had the courage to introduce this kind of program, in spite of strong protests from some organized groups. We think, as he did, that after a year's trial certain changes might be made.

Then I would go on to one other subject under the stabilization act. I ask that the minister give further consideration, as he has in the past, to the whole question of the sheep industry, particularly in western Canada, under the rehabilitation scheme. In our area we are interested in this industry. We feel we could go a long way in developing a proper sheep industry there with a higher support price for lamb, with the continuation of the present support price through deficiency payments on wool, and the establishment of information and experimental stations, sheep flocks for crossbreeding, and other technical details to help our sheep farmers develop a strong sheep industry in that particular area.

In the last three years we have developed a good national policy for agriculture. Its main points are good. As I have said, some of them require the wrinkles ironed out. I am sure this will come as time goes by.

I wish to say a word with regard to acreage payments. The hon. member for Essex East says that the Liberal party policy is such and such. I know that out of the Liberal rally came the big idea that we should pay something like $300 on a unit quota. How well would this go over in my area? I will tell the hon. member and the committee several things with regard to acreage payments and permit books. In 1958, when this government made the first acreage payment, there were 1,800 new permits issued in my constituency. Why were these new permits issued? They were issued primarily because we have an area which is just now being developed agriculturally, and we do not have the delivery stations or the railway stations that some of the other areas in the prairies have.

We found that in 1958 the Canadian wheat board did not know anything about 25 per cent of the agricultural land in my constituency. As a matter of fact, over 50 per cent of the farmers in my area would have received absolutely nothing under the Liberal party scheme or the C.C.F. scheme for deficiency payments. I am very proud to be able to say that most of them received payments under the acreage payments scheme.

However I do have a quarrel with some of the officers of the Canadian wheat board. I think this is another example of people who are working for the government thinking they have become so smart that they should take over the policies and legislation of the government. I wish to say with regard to the question of issuing permit books to the producers in my area the Canadian wheat board have at times, and are now, discriminating against the farmers of my region. This is not the result of a government decision; it is a decision made by some of the civil servants of the Canadian wheat board. I say this with adequate proof, and I wish to quote for the record the opinion of the solicitor to the Canadian wheat board at Winnipeg concerning who should be entitled to a permit book in any one year. I quote from a memorandum of Henry B. Monk, solicitor to the chief commissioner of the Canadian wheat board:

> In the writer's view to be entitled to a permit book under the Canadian Wheat Board Act the applicant must first qualify as a person engaged in the production of grain or as a producer within the foregoing. At the time of his application in this respect I would not regard the fact that the applicant had all his land in summer fallow or seeded to forage crops or had no grain on hand as necessarily conclusive against the application. The question at issue in deciding each application for a permit book must be what is the *bona fide* purpose and object of the applicant's farming operations.

I wish to say that in 1958 the Canadian wheat board did not follow out the instructions of its solicitor. In 1960 and 1961 they have not followed the instructions of their solicitor in issuing permit books to some of the farmers in my area.

I went further and obtained from a lawyer who is well known to members of this house another legal opinion as to who should be entitled to permit books under the Canadian Wheat Board Act. This is the opinion he has given me:

> I am of the opinion that the recent suggestion of the Board that farmers having only cultivated lands producing grain qualify for delivery permit books is not substantiated either by anything in the Wheat Board Act or in the wheat board regulations or in the western grain producers acreage payment regulations nor is it consistent with the interpretation placed on the act and on the regulations by the board itself in dealing with other farmers.

I would ask the minister to take this matter up with the Canadian wheat board because there has been discrimination in my area against farmers who had permit books in 1958-59 and who had permit books in 1960-61. They were refused a further permit book because it was said that they did not

have acreage under grain in 1959-60. In taking this position, the board was not carrying out its obligations as determined by its own solicitor and I would ask the minister to investigate this problem and correct the situation as soon as possible.

There has been some suggestion on occasion, particularly from government officials, that the region which I have the honour to represent is not a grain producing area. I wish to correct that impression. Only last year the world barley king at the Toronto Royal Winter Fair, Mr. George Lamb, came from the town of Cherhill. We have had numerous world wheat kings from the area of Wolf Creek, which is in the vicinity of the Rockies in western Alberta. We can and do grow grain in our area. I hope recognition that we do will be forthcoming, and that the farmers may be treated accordingly.

Now I wish to turn to the feed grain regulations about which we have heard a great deal in this house. We have seen the hon. member for Assiniboia get up and wave his hands. We do not know what the Liberals think about this—I doubt whether they have any thoughts about it at all. We have seen the hon. member for Assiniboia claim we are wrecking the wheat board. We are doing nothing of the kind. In my opinion the new regulations will strengthen the board. First of all, they will give the board a comprehensive idea of all the land under cultivation in western Canada, something which it did not have before. Again, a secondary feed industry is needed in western Canada to provide us with the necessary equipment so as properly to finish our product and increase its market value. This will provide a secondary industry in western Canada and correspondingly create more jobs in that area, something which the hon. member for Assiniboia seems unwilling to do.

Reverting for a few moments to this question of permit books, in the light of the experience with the wheat board I wish to suggest to the minister that we scrap the entire permit department of the board and set up in its place local authorities in the municipalities who would have the duty of issuing permits to the farmers in the area. In this way we might bring an end to the business of father and son, brother and brother, or husband and wife partnerships operated so as to secure two permit books. Let us get back to good democratic principles. Let us say to the farmers: we are going to set up boards in your area and these cases will be judged by your peers. These are the people who will say whether or not you are going to have a permit book. It seems to me this could be done by using the field crop men who are already at work in western Canada, by using the district's agriculturists, by having representatives from the pools and the elevators and of the farmers themselves on these boards. It seems to me that a board composed of three such men could equitably distinguish between those who should receive permit books and those who should not. It would be far better done this way than by some civil servants in Winnipeg who have no knowledge of the land in question and who sometimes make arbitrary decisions one way or another. I hope the minister will at least give consideration to this view, because I think it would constitute a step forward in returning to the principles of democracy.

I wish to make some comments on one subject in connection with the experimental farm service. I want to ask the minister to set up an experimental farm on the muskeg we have in western Canada so that this land might, in time, produce the crops which it could produce after proper study and development. Right now we are importing into Canada, an agricultural country, crops worth in the neighbourhood of $650 million a year. This is a tremendous sum to spend on importing goods of this character into an agricultural country, though I realize that a portion of these imports is made up of fresh fruit and vegetables grown during the off season in some more southerly regions. On the other hand, there are a great many things which are imported into Canada which we could be growing ourselves and some of them, I believe, could be grown on the many millions of acres of muskeg we have in this country. I know the minister is interested in projects of this sort. I know he has paid a great deal of attention to conservation and that his work in connection with rural rehabilitation could mean a great deal for us in parts of northwest Alberta.

I wish to mention briefly the subject of butter and its support price. In addition, if I may be so bold, I should like to refer to reports with medical implications which have been rife in the lay press of late. I wish to say that as a country general practitioner I have in the past year conducted some very rough experimental work in my area on the cholesterol levels of the blood. I wish to take this opportunity of passing on to the committee and the public at large my findings in this respect. I agree with those renowned scientists who say that butter is a grade A food which we can eat and enjoy without regard for the bogey man of coronary thrombosis, for behind the threat of coronary thrombosis are a number of other factors besides the cholesterol level in the blood.

I think the greatest underlying factor is a lack of exercise. Canadians and the people

of the United States in general are victims of what we might call transportationitis which leads to their taking little physical exercise. This, rather than the overeating of fats, is probably the greatest cause of heart disease. Of course, I hasten to say that moderation in all things is a sound principle the application of which is essential for good health and this applies to the consumption of animal fats as it applies to other foods.

We certainly will not improve the general standard of health of Canadians by subscribing to every new fad diet that comes along. As a matter of fact, it can be shown there is a correlation between the amount of heart disease in the country and the number of automobiles and television sets to be found there. But this of course does not represent the entire answer.

I wish to suggest to the minister and the government that we commission the national research council, through its medical division, to undertake a further comprehensive study of the question of cholesterol in the blood and that the findings of this study be correlated with the research done in various other countries so that we may find a proper and reasonable answer to this problem.

Certainly there is no reason at all at the present time for Canadians not to eat butter. It is a complete fallacy that anything would be gained by substituting margarine for butter because the process of the hydrogenation of vegetable oil into margarine renders it a fat chemically equivalent to butter. I wish to place these brief points on the record because I feel, although there is no way of measuring the degree, the drop in domestic butter consumption has been caused to some extent by lay press reports concerning arteriosclerosis and heart disease resulting from the overeating of animal fats. I suggest this is not true and that there is no evidence to support this contention. I suggest, rather, that these diseases arise from complex factors, that these are complicated conditions in which a number of factors play a part, such as stress, inherited resistance and others. Again I ask the minister to suggest to the national research council that they undertake a study to correlate information pertaining to this important subject.

In concluding let me pay a general tribute to the Department of Agriculture and, in particular, to the veterinary medical branch for the excellent work they have done in Canada which has made Canada's veterinary medical health service one of the best in the world. Having had some previous experience with the department in this regard, I can assure the committee and the country that we in Canada are fortunate in having such an effective group working under the able direction of the director general.

These are the comments I wished to place on the record. Again I invite the minister to investigate my complaints with regard to the issuing of permits through the Canadian wheat board. This is of particular importance to the farmers in the western portion of my constituency, who do not enjoy the privileges or the easy access to elevators and transportation that are enjoyed by the other farmers in western Canada.

If my friend the hon. member for Essex East has any questions I shall be very pleased to answer them.

Mr. Martin (Essex East): Mr. Chairman, I simply want to ask the hon. member about the suggestion he has made with regard to the application of the principle of regionalization to the deficiency payments on hogs. Does the hon. member not recall that that proposal was made by me on behalf of the Liberal party at the last session of parliament? Is he not aware that our proposal is consistent with the recommendations made recently to the government by the federation of agriculture, and turned down by the government? We welcome the support of the hon. gentleman in this regard.

Mr. Horner (Jasper-Edson): Finally I am able to welcome some reasonable support from the hon. member for Essex East who will recall that when speaking about this subject he said, "It is a good thing, but". Then, he proceeded to qualify his endorsement of the principle. I cannot quote the hon. member directly but it will be recalled that at that time the minister said he was eager to try the scheme for a year to see if it would average out properly, and if it did not the government would do something about it. All the farmers in my area accepted that. We now come to the government and say we do not think that national averaging was a good principle.

Mr. Martin (Essex East): And we agree with you.

Mr. Horner (Jasper-Edson): I am pleased that the hon. gentleman finally agrees with something that will be of benefit to the farmers. It is the first time the hon. member has ever done so.

(Translation):

Mr. Deschatelets: Before dealing with the matter of agricultural research I would like to make a few general remarks.

In view of the importance of this branch, so vital to the welfare of all Canadians, I felt it would have been appropriate for the minister, in submitting his estimates, to make a comprehensive statement on the present

position of agriculture in this country, on the problems our farmers have to face today, and to explain the relation between the estimates he is asking us to vote and the plan which the government proposes to carry out to raise farm income.

In his speech, the minister stated that 21 per cent of Canadian farms bring less than $1,200 yearly income to their operators. While this is obviously a disturbing figure, I am still more concerned over the present status of family farm operators, many of whom are found not only in the province of Quebec but also in central Ontario, in the maritimes, and elsewhere.

Mr. Chairman, I am asking myself to what extent those sums of money we are asked to vote will improve the situation of our farmers. I listened carefully to the statement which the Minister of Agriculture (Mr. Hamilton) made on February 24 last, I have read and reread his report, because I wanted to take part in the discussion, as I did in 1958 and 1959.

Now, Mr. Chairman, I think that, after thoroughly considering the matter, the minister himself will admit that nothing in his speech holds out any very comforting prospects for our farmers. Yet the problems are there before us. They are serious by reason of their extent, and they are urgent. To talk of farming in Canada in 1961 is to talk of low and uncertain price levels, unstable and inadequate income, selling at a loss and surplus production. Those are, in general, the difficulties which our rural producers have to face.

No amount of speeches or statistical gimmicks can change any of the facts facing us in 1961. The answer to such conditions lies in over-all planning, in new and dynamic prospects. In other words, what is required is a national farm policy, in keeping with the needs of the moment.

If the government has any plan to offer, now is the time to do it. Until then, we are and shall be justified in saying that the government is not up to its task, is not assuming its responsibilities in the matter of agriculture, and that farmers in this country can rightfully say and repeat that they are not receiving their fair share of the national income.

Mr. Chairman, I listened with great care to the speeches of the hon. members for Drummond-Arthabaska (Mr. Boulanger) and for Beauce (Mr. Racine), who very clearly explained to us the problems peculiar to Quebec, as well as other matters of national scope with regard to the farming industry.

I hope the government will note the recommendations of those two hon. members and act upon them.

Mr. Chairman, I was quite amused when the hon. member for Assiniboia (Mr. Argue), at the beginning of his remarks, compared the speech made by the Minister of Agriculture and those made under the former government by the Hon. Mr. Gardiner. This provides me with an opportunity to recall the legendary figure of Mr. Gardiner and the debt of gratitude which Canadian farmers owe him. Let me say, therefore, to the hon. member who spoke before me and who referred to a national policy, that if he and his colleagues in the government are really interested in working out a policy, I heartily suggest that they consult the official record of debates under the former administration. They will see how vigorously and boldly Mr. Gardiner set out to apply an agricultural policy in this country, at a time when the major problem facing him was a problem of production. When Mr. Gardiner left the administration, he could take pride in the fact that in the matter of production, Canada's farmers were in the position he had dreamed for them, that is to say they were at that time the greatest wheat producers in the world.

Mr. Chairman, since the years 1956-57, great changes have occurred. It is unfortunate that this government has remained in a static position, because technology and scientific research have been transforming not only industry but also agricultural operations in Canada. Even more serious, such changes have also occurred in other countries of the world, so that today countries which at the time were our customers have now become our competitors. If as soon as it took over the country's administration this government had taken note of those structural changes, the yield of our farms would be much higher than it is now.

This view was expressed just recently not only by specialists and experts but also by the Canadian Federation of Agriculture in the brief it submitted to the government on March 1 last. This brief not only reflects our present agricultural problems but offers to the government various practical solutions which could not be safely ignored.

The Montreal *Gazette*, in an editorial which appeared on March 2 last, reported on some

comments with regard to this brief from the Canadian Federation of Agriculture and mentioned the fourteen suggestions put forward in this brief to the government. I quote:

(Text):

In the annual brief which it submitted to Prime Minister Diefenbaker and other federal cabinet ministers for the calendar year 1961, the Canadian Federation of Agriculture laid it right on the line.

The federation was downright disturbed by a tendency which it saw developing. And it didn't hesitate to speak out.

The federation, as it turned out, came well armed with constructive proposals.

(Translation):

Mr. Chairman, this brief raises a very important question, one which I consider vital and which establishes something that we, in the official opposition, have been preaching for years, that is to say the interdependence of farm policy and business policy. May I therefore be allowed to read very slowly a few lines from page 5 of the brief submitted by the Canadian Federation of Agriculture:

(Text):

Trade in agricultural products is, of course, but one aspect of general trade, and is vitally affected by general trade policies. It was the opinion of the delegate body that there are at present heavy pressures from secondary industry for an increased degree of protection, and it would view with alarm any trend in this direction in Canada. There are of course fundamental issues and philosophies of economic policy involved here. As a surplus producer of agricultural products Canada has a great and fundamental stake in expanding trade. The Canadian Federation of Agriculture believes that the long-run interests of Canada lie in its development as a modern industrial trading nation, rather than a nation with the pattern of its industrial development shaped by a policy of increasing protection for Canadian manufacturing industry.

(Translation):

Mr. Chairman, there is obviously no point in producing, or in improving production methods if, on the other hand, the government, by its shortsighted commercial policy, does not at the same time take steps to promote the marketing of our products throughout the world.

I hope the government will reconsider its position in trade matters, because in a country like ours with its surplus problems, the only possible solution, the only plausible one, is a bold and dynamic policy of expanded trade. To that end, hon. members will recall that the leader of the official opposition (Mr. Pearson) missed no opportunity to express that view. In fact, at the Liberal rally, last January, one promptly adopted resolution advocated that policy of economic expansion, which would save our farm producers from their present predicament.

Mr. Chairman, the brief of the Canadian Federation of Agriculture puts great emphasis on research. Allow me to read, in this connection, a few lines from page 17 of the brief:

(Text):

In a different field, we would bring to your attention that we believe, in view of the need for developing markets for farm products to an absolute maximum, that there should be stepped up programs by the national research council aimed at developing new and better utilization of farm products. Investigation into the use of wheat in food forms other than bread has been specifically mentioned as an area of research needing attention.

(Translation):

Mr. Chairman, in 1958 and 1959, I drew the attention of the minister of agriculture who today is Minister of National Defence to that matter. And, according to page 2401 of *Hansard* of 1959, I said this:

I wish to bring to the attention of the Minister of Agriculture (Mr. Harkness) a very important point. I feel that if we are to improve the efficiency of agriculture in this country, in the west as well as in the eastern and central parts of this country, we should at once adjust our research procedure. Let us set up a new co-ordination of existing services and give a new, bold and forward looking impulse to these research services—

Mr. Chairman, I understand that since January 1 last the minister has proceeded to a diversion of technical and research services with regard to marketing under the Canadian wheat board. I shall say right away that this is a step in the right direction. It is unfortunate that his predecessor, who is now Minister of National Defence, did not think it advisable to start setting up such a service two or three years ago.

We have of course in our service efficient experts and the most up-to-date material facilities with regard to research; but, if I am not mistaken, about 98 per cent of our research is still focused on production or the improvement of production methods.

I submit that it is absolutely necessary to underline the economic aspect. We should apply to agriculture the same methods which have been so successful in industry. How can production costs be reduced, how can the quality of our products be raised, and how can they be made marketable abroad? That is the whole Canadian farm problem which must be considered anew in the light of modern scientific information.

According to page 2407 of *Hansard*, the minister had a word to say on the matter on February 24, 1961. I quote:

Another point I should like to mention in this connection is that it is now very obvious that there are other things for which wheat can be utilized besides the traditional products, bread. It is no secret that thousands of years ago wheat and barley were used as a staple diet not in the form of bread. In many countries of the world where the tendency to turn to the use of the

new product, bread, is slow, it might be possible for us to sell wheat ready for human consumption closer to the natural form.

Mr. Chairman, with regard to this question of bread, I would like to make two remarks. First of all, I shall repeat a question recently asked by the hon. member for Mount Royal (Mr. Macnaughton) who inquired from experts:

How can it be that we have, in this country, the best wheat and perhaps the worst bread in the world?

I leave it to the experts to comment upon it. My second remark is consequential to what I just said. I note in the report of the standing committee on agriculture and colonization, volume 10, page 138, that bread consumption in Canada per head is falling off in an alarming way.

The problem was submitted to experts and I am wondering whether the national research council would not have here a field to explore with a view to improving the quality of the bread we eat and, second, to finding the reasons why bread consumption has decreased in Canada, while our population is constantly on the increase.

In connection with those remarks, I would also like to mention my personal views with regard to the matter of research.

We know that in several other countries of the world, such as southern Asia—I refer particularly to India and China—the staple food is rice. Those countries, however, are chronically famished, while we have surpluses.

I wonder, Mr. Chairman, whether our research division could not step up its work so that we might offer those countries some of our surplus products in a form that they could eat and assimilate.

I think, Mr. Chairman, that the research council should also look into the most important matter of family farms.

In the minister's own statement as recorded on page 2405 of *Hansard,* we were informed that from year to year, the number of our farmers declined by about 10,000 a year. I quote the figures he gave. In 1958, there were 555,000 farmers; in 1959, 546,000 and in 1960, 536,000. I say, Mr. Chairman, that these statistics are alarming. All the more so because the bulk of these figures consists of family farms. This, I think, involves the most stable element of our population.

I think we have a duty to consider immediately the reasons why, from year to year, there is a decline in the number of farms, and particularly family farms, in Canada. I refer not only to the province of Quebec but also to other provinces.

I think this problem must be considered in our research effort. In the last analysis, it is a matter of determining what should be the exact structure or the mould of a family farm. Through such a study, a means might be found to make such farms economically sound and profitable.

And to show the economic benefits which can accrue from agricultural research, I was reading a few days ago in a Montreal newspaper that a manufacturer whose industry depends on imported vegetable oils—I think it refers to Mr. Pascale Gattuso—had decided to conduct experiments in Manitoba with this fodder plant called rapeseed, and from which vegetable oil is extracted. Well, through the initiative of a businessman, we now have in Manitoba a co-operative producing vegetable oil. I wonder why this initiative was taken by one of our businessmen rather than by our research experts.

On how many items is our trade dependent on imports? How many of those items could we produce ourselves? I have mentioned this example just to show the full importance of the research division.

Mr. Chairman, it is through scientific research that we have been able to increase production and sales, and raise the yield of our plants, our land and our stocks. We have doubled and even tripled the yield. It does seem that it is also through scientific research that we can substantially reduce our surpluses.

The time has come to throw into this struggle a larger portion of our financial resources.

Mr. Chairman, I understand that next fall a conference will be held in Montreal on "Resources and our future", all the provinces, as well as the Department of Agriculture and the federal government, will be represented.

I should like to quote from this booklet which has been submitted to us, a paragraph which shows the approach to be taken at this conference, and I quote:

Great stress will be laid on the vast problem of land use for agricultural purposes. It is known how difficult it is for domestic farms in the prairies to survive as such, and how quickly Ontario's farm lands become unproductive (at the rate of a million acres every four or five years); it is known at what rate the orchards in the Ontario peninsula and the farms along the south shore of the St. Lawrence, towards Montreal, are

being taken over as industrial sites. In less than ten years, the agricultural situation has changed to such an extent that it can no longer be studied except on a national basis.

So, Mr. Chairman, I do hope that at that conference, a practical scheme will be worked out.

To that end, I should like to put forward a suggestion. I was saying a moment ago that as a result of the change in production techniques and of the fact that certain countries which were formerly our customers are now our competitors, what we need today in the agricultural field is to find out where we stand and work out a program.

I recognize at the outset that this is no easy task. Why? Canada will always have two major difficulties to overcome in the agricultural field. In the first place, we have an extremely vast territory; I think we have have the greatest area of tillable land in the world. The second problem is that the territory being heterogeneous, our land use is completely different from one point to another.

In view of those difficulties and of those important problems, and in view of the fact that we must necessarily take an inventory before drawing up a practical program on a national basis—a program which would be practical not only for the west or for central Canada but also for the east and for the maritime, in other words a truly national program, I wonder whether it would not be desirable to set up within the department a joint advisory council, as it was suggested at our last convention, a council in which every part of Canada would be represented. Those experts would have no other administrative duty than to study, comment, inform and suggest to the government what, to their mind, would be the most practical thing to do, in the various areas they represent.

The department would also have available some qualified and representative men from all parts of this country, who would be familiar with the special problems of those districts. Moreover, should a problem arise in any part of the country, then the minister could have those experts make inquiries on the spot.

I think the establishment of such a board would be to the benefit of the government and certainly in the best interest of the whole country.

Mr. Chairman, those are my suggestions. I hope that the minister will take them into consideration. Before closing my remarks, may I draw the attention of my hon. friends from the Conservative party, and more particularly of those who represent the rural and agricultural districts, to the fact that, in 1958 they received a token of trust, such as no government ever received before. In 1958, they obtained—

Mr. Parizeau: That will happen again in 1962.

Mr. Deschatelets: —this vote of confidence by making promises. Now I would point out that, at this time, those promises have not been kept.

Mr. Parizeau: Which ones?

Mr. Deschatelets: I shall tell my hon. friends that time is pressing them, because, very soon, their political future will be their past and they shall have to face those who have sent them here.

(Text):

The Deputy Chairman: I am sorry to interrupt the hon. member but his time has expired.

(Translation):

Mr. Ricard: Mr. Chairman, it is a pleasure to take the floor after the farmer-lawyer from Maisonneuve-Rosemont (Mr. Deschatelets). My task will be that much easier, since his knowledge of agriculture seems to be limited. However, I would not like to be considered as an expert myself in agriculture. Be that as it may, it seems to me my hon. friend from Maisonneuve-Rosemont could have learned his lesson better, before lecturing Conservative members who none the less received, as he did say, a testimony of invaluable confidence on the part of the people, especially on the part of farmers.

It is true, Mr. Chairman, that the present Conservative government has received unlimited confidence from the agricultural class, because during the 21 years they were in power, the Liberal government failed dismally to live up to the task. Mr. Chairman, I should like to recall to the house some of the measures we have taken since we have been in power.

Mr. Chairman, may I first be allowed to remind the house that one of the first measures taken by the Conservative government after having been elected, after having obtained the confidence of the people, as the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) said a moment ago, was to put at the disposal of farmers $250 million as a revolving fund to stabilize the prices of farm products.

I should like also to remind all members that in 1959 the Conservative government granted, in subsidies to dairy products, the

sum of $4,750,000. In 1960, that is from May to December, those subsides reached the amount of $3,750,000.

Furthermore, in 1960, the Conservative government paid $208,394.92 in support prices on eggs.

We all know that the Canadian Farm Loan Act has been improved substantially under the present Conservative administration.

Under our Liberal friends farmers could only borrow $15,000, while under the present Conservative administration they may borrow up to $20,000, since such loans are calculated now on the basis of 75 per cent of the value of the farm, while under the Liberal administration it was on the basis of only 65 per cent.

The Farm Improvement Loans Act was amended by the Conservative government and the amount of the loan was increased from $5,000 to $7,000.

Mr. Chairman, all those improvements have been made to the great resentment of our Liberal friends, whose whining we are hearing today and who were not able, during the 21 years they were in power, to understand the agricultural class.

Mr. Chairman, I should like all Canadian farmers to remember those things so that when the time comes for another general election they may not be fooled by our Liberal friends, who after a delay of 21 years now claim to be the friends of farmers.

Mr. Chairman, at the time of the Liberal administration the subsidy paid under the Animal Contagious Diseases Act was $100 per purebred animal slaughtered; the Conservative government increased that subsidy to $140 per animal. The sum of $40 which was paid for each half-bred animal slaughtered has been increased to $70.

Mr. Chairman, at this stage of my remarks, I should like to take a few minutes to inform the house of what the Conservative party policy has meant for the constituency I have the honour to represent.

Thanks to the measures introduced by the present Conservative government, thanks to the initiative of the present Minister of Agriculture (Mr. Hamilton) and of his predecessor, the present Minister of National Defence (Mr. Harkness), the citizens of my constituency received in 1959 the sum of $221,523.04 in subsidies on dairy products; those subsidies reached $295,364 in 1960.

As for sugar beets, farmers of my constituency received in subsidies the sum of $41,390.70, while in 1960 the 65,000 tons of sugar beets produced in our area brought to farmers of my constituency the sum of $74,015. I would suggest to the hon. member for Essex East (Mr. Martin) to take good note of those figures.

Mr. Chairman, I might inform the house that through the beneficial legislation proposed by the Minister of Agriculture in the present government, a farmer of my riding has received an amount of $1,300, a thing that never happened under the previous Liberal government. In addition, he benefited from other grants under legislation passed by the Conservative government.

Mr. Chairman, I realize that our Liberal friends, especially the members for Maisonneuve-Rosemont and for Essex East, both of them lawyers, now wish to get closer to the farm people. But as in the story of the hare and the tortoise, it is too late to start when the opponent is already at the winning post.

Gentlemen of the Liberal party, you may well grieve. You have every reason to be sorry, because you have had your chance to show what you could do for the farm people. As for us, even though we came later, we knew how to take advantage of the situation and we gave to the farm people what they were entitled to expect from a truly Canadian government, devoted to all Canadians and not only to the Liberals.

Gentlemen of the Liberal party, you may give up that opportunity as lost, but we, of the Conservative party, are forging ahead, and we shall go from one achievement to the other, to the satisfaction of our constituents, people who are only waiting for the chance to return us to office with an even greater majority.

Mr. Boulanger: Mr. Chairman, may I put a question to the hon. member for St. Hyacinthe-Bagot?

Mr. Ricard: Certainly. In view of your ignorance, I can answer all your questions.

Mr. Boulanger: Mr. Chairman, I wish the hon. member for St. Hyacinthe-Bagot would tell me when the Right Hon. Prime Minister (Mr. Diefenbaker) will keep his promise about a price support on pulpwood?

Mr. Ricard: Mr. Chairman, let me first of all remind the house that the present premier of Quebec, who for some months travelled all over the province, promising to do and

give all sorts of things certainly has a duty to fulfil in that respect. However, the hon. member for Drummond-Arthabaska may rest assured that as long as the Minister of Agriculture and the Conservative party have a responsibility in the matter the party will certainly honour its obligations, contrary to what happened under the administration of those for whom he cares much.

(Text):

Mr. Herridge: Whenever the agriculture estimates are under discussion I see in my mind's eye the hon. member for Assiniboia up to his ears in grain. I almost hear the lowing of cattle waiting to be fed and I can smell bales of new mown hay.

While I was listening to the doxology to Conservatism and the hymn of thanksgiving for Conservative policies a moment or two ago, I could not help but remember reading some reports and statistics recently. Surely, while the hon. gentleman was performing this eulogy and protecting the flanks of the Minister of Agriculture he must have remembered that the province of Quebec has had a form of Conservative government for 16 years.

Mr. Ricard: It did very well for the province, too.

Mr. Herridge: And the net income per farmer for Quebec is one of the lowest in Canada.

Mr. Ricard: Because the earlier Liberal regime did not accept its responsibility.

Some hon. Members: Oh.

Mr. Herridge: Now, I want to express my appreciation for the courtesy with which the Minister of Agriculture has attended to any of my complaints, that is, to individual complaints, not complaints relating to the whole farming industry. I have found the hon. gentleman courteous and co-operative in that respect and I appreciate it. I suppose it would be fair to say that the Minister of Agriculture is the roving ambassador for the government. From his remarks when the discussion of these estimates began, there appears no doubt that while he has not been able to present substantial solutions to many of the problems now facing agriculture he is finding out what the problems of the farmer are. I also wish to express my appreciation of the good work of the senior staff and the field men of the department. We must not forget, when we discuss these estimates in the relative comfort of this chamber—that is, the comfort of all of us except the minister—that the field staff do a lot of slogging day by day. It is not very glamorous work; it does not reach the newspapers, and to many people it is unknown. However, the department has some excellent field staff officers. I have known many of them for a goodly number of years, and I want to express the appreciation of this group for the work they are doing.

I do not intend to speak at length at this stage of the discussion because I shall have various things to say on the particular items as they arise, but I do want to speak briefly on one or two matters. I think one of the first things to be done is to get the public to recognize the importance of agriculture to the Canadian economy and to the country. There is a tendency to underestimate the importance of agriculture because, shall I say, of the dynamism of the growth of industry and things of that sort.

I notice that the hon. member for Essex East is listening intently, and I want to say this in connection with that hon. member. The member for Essex East is not a farmer but I know from lengthy discussions with him that he is a student of farmers' problems and needs, and that is what is required at this time. There has to be a greater recognition on the part of the people of Canada as a whole of the importance of agriculture, and this is lacking in many quarters. There is a tendency to underestimate it and in some cases almost to jeer at the maintenance of the economic family farm and agriculture of that type.

I think there a responsibility falls on the Department of Agriculture, as well as on the provincial departments and the farm organizations, to improve their public relations so as to inform the remainder of the population of the importance of the agricultural sector of the economy. In this connection, I wish briefly to read from a magazine called "Canadian Commentator" which often contains some very informative articles. The issue of June, 1960 to which I am referring contains an article by Mr. George R. McLaughlin on the Canadian farmer which I think puts the question very well indeed. I quote briefly from this article:

> I have been concerned these last few years about the misunderstanding which exists in the minds of non-farmers with regard to the economic position of farm people in this land of plenty. This misunderstanding has grown for quite obvious reasons, and there seems little indication that agriculture's public relations, if there is such a thing, has done much to correct the situation.

It goes on to say:

> Not many people realize that the farmers of Canada represent a consumer's market of some $2.8 billion a year, about $1.7 billion of which is spent for the goods and services required in the production of food, and another $1.1 billion

for the requirements of family living, such as radios and cosmetics, children's toys and lawn mowers, coffee and canned goods, skates and cameras, furniture and overcoats, and all the hundreds of other goods and services required by any family, urban or rural. In the United States it has been said that the farmer as a consumer of goods and services is worth two and a half times as much as any other individual consumer in the country. I see no reason why the same comparison should not be used in Canada.

I think that is very well put indeed. There should be a public relations job done to inform the people of the importance of agriculture not only to the farmer but to the rest of the economy.

I could not help noticing, in the quotation I read, a reference to the purchase of cosmetics. What a change there has been in the world in which we live. I remember 50 years ago talking to a farmer who had to drive many miles along a mountain trail to get his groceries. He did not use cosmetics, nor did his wife. He got into the habit of putting a rooster into the crate to accompany him on his journey so that he would not be lonely. What a difference in the way things are done today. I have lived in the same circumstances, and I am proud of it.

It is only fitting when speaking on the estimates of this department to make some reference to the fact that the Canadian Federation of Agriculture has celebrated its twenty fifth anniversary. I was very closely associated with the British Columbia federation of agriculture and on that account I realize what good work the organization has done throughout the years for the Canadian farmer. In saying this, I fully recognize the excellent work which has been done by other organizations, such as the farmers' union and those organizations connected with particular branches of the industry. In the early days our first president was the Hon. E. D. Barrow, former Liberal minister of agriculture of British Columbia and a great personal friend of mine.

An hon. Member: Where did he live?

Mr. Herridge: Chilliwack. He was a practical farmer who spent many years of his life working for his fellow farmers in British Columbia. I think we should remember these things. There was also Mr. Charles Hayden, the first secretary-treasurer, who lived in Vernon. Under his guidance the work of the organization was greatly developed. At the present time the British Columbia federation of agriculture has a membership of between 16,000 and 17,000 which shows how important the agriculture industry is in British Columbia when we relate it to other industries in the province.

I am pleased to see the hon. member for Cariboo has his hearing aid on and is listening to me, determined not to miss a single one of my words of wisdom.

Before taking my seat, I want to refer to some of the matters brought to the attention of the government by the Canadian Federation of Agriculture. I will avoid repetition and mention only those points that are important to the farmers I represent and farmers generally across the country.

In their brief, the federation indicate great interest in marketing farm products in commercial markets overseas and also in the development of the world food pool under the United Nations as well as other agencies for the proper use of our surpluses. In their representations they presented a resolution to the government in these words:

1. Receive from nations having the ability to do so, undertakings to contribute to an internationally conducted program of food distribution to areas of need. Such contributions could take the form of commitments to supply food, or could take the form of funds, or necessary services for transporting food contributions to needy countries.

2. Receive and appraise information on food needs, and, on the basis of such information and the requests of participating nations, carry out the equitable distribution of the food supplies made available.

3. Co-ordinate and advise on the orderly conduct of non-commercial food distribution in its broadest implications. The aim of such consultation and co-ordination should be to give direction and purpose, through the United Nations, to all programs and activities contributing to the goal of an international food program.

To indicate what farmers are thinking I wish to quote a statement made by the president of the British Columbia federation of agriculture:

H. D. Arnold of Duncan, president of the B.C. federation of agriculture, told the B.C. fruit growers association that Canada could do more for the world by helping backward nations in peaceful development than it could possibly achieve by its own armament.

He urged all sections of agriculture to press this viewpoint.

Mr. Arnold agreed that arms expenditure should be slashed—but instead of cutting taxes with the money so saved, he would spend it building up and developing backward countries.

He suggested Canada should select one or two countries and concentrate on them, or contribute to a master international fund for the same purpose.

"From a propaganda viewpoint alone," he said, "the other countries would not stand by and let us do it on our own."

"A tractor or a plow sent to Nigeria, for instance, would do more for world peace than providing another tank for our armed forces; better a fruit ladder to Nigeria than an aircraft.

That is a growing sentiment among farmers and I was pleased to see that this gentleman thinks along lines similar to those of hon. members of this group.

I shall mention one or two other matters of particular importance to the people in my

district. In addition to supplying food overseas, all sections of the British Columbia Federation of Agriculture are concerned about the cost of taxation of the land for educational purposes. This reference is found at page 7 of the brief of the Canadian Federation of Agriculture, and I will quote briefly from it because it concerns British Columbia farmers who believe that there must be some change in taxation, in view of the increased costs of hospitals and education, if the economic family farm is to continue to exist. The brief reads:

> One subject which we would mention only briefly—although it is a matter of very great importance—is that of education costs. It is becoming more and more widely recognized that as the importance and the cost of education increases that two things are necessary: first that a high standard of education and educational opportunity should be assured for every Canadian child; second, that the real property tax imposed by the local school district is becoming increasingly inadequate and inequitable as a basis for meeting education costs. This inadequacy and inequity does not concern the farmer alone, but as a heavy investor in land in relation to his income the farmer tends to feel the situation much more keenly.

They propose that this matter must receive the attention of the government.

The federation also deals with the question of transportation, with which I shall not deal at length. They deal, too, with the question of land and water use and rural development. This is the subject of a resolution recently brought forward by the Minister of Agriculture, which I hope will come forward again in the near future.

Mr. Martin (Essex East): Will the hon. member permit me to point out that at the bottom of page 10 of the brief, the Canadian Federation of Agriculture expresses the hope that the legislation on that subject introduced by the minister by way of resolution will be passed at this session of parliament and not postponed as the minister proposes.

Mr. Herridge: I am glad that the hon. member for Essex East, with his usual attention to detail in these matters, has reminded me of this important part of the representation.

Mr. Winkler: Mr. Chairman, I wonder if the hon. member who has the floor would mind telling the committee from what he and the other professional farmer who spoke are quoting?

Mr. Herridge: I am surprised that the hon. member is ignorant of what has happened in Ottawa in recent weeks and months. I am reading from a presentation of the Canadian Federation of Agriculture to the Prime Minister of Canada and members of the cabinet on February 28, 1961. Incidentally, that is my birthday and a very important event. I was born in London but only because my mother was visiting there that day. No doubt the hon. member has received a copy of this brief.

Mr. Winkler: Mr. Chairman, I thank the hon. member. I certainly have a copy of the brief but I attend the meetings of these organizations and rarely read briefs. I must congratulate the hon. gentleman on celebrating his eightieth birthday.

Mr. Herridge: The federation in its brief deals with land and water use and rural development and expresses the hope that the legislation will be passed this session, as the hon. member for Essex East so kindly reminded me.

There is another subject in which I am interested because of its increasing importance. I shall deal with it and one or two other matters only briefly. I dealt with research at some length on the minister's estimates last year and if anyone wishes to be well-informed as to the needs of agriculture in respect of research I suggest he look up the speech I made last year on item No. 1 of the minister's estimates.

The federation is still interested in medical health insurance. The recommendation in the brief on this point reads:

> We do think no time should be lost in moving forward in the study of ways and means of aiding the provinces in the establishment of provincial medical health insurance plans.

This subject does not come directly under the Minister of Agriculture but the quotation shows that farmers are interested not only in their own problems but in problems of national scope and importance.

The federation also deals with unemployment insurance for farm workers. In this respect, I urge the government to act as soon as possible to institute a plan for unemployment insurance coverage for farm workers, either on voluntary or on a suitable selective basis.

It has frequently been said that farmers operate under severe circumstances. They may not want to work in industries or occupations covered by unemployment insurance. In conditions of full employment, nine times out of 10 an individual given a choice between working on a farm or accepting a position in industry will accept an industrial position. I urge the Minister of Agriculture to use his influence with the Minister of Labour to again stress the importance to the farmers of Canada of this subject.

I believe it was the British Columbia Federation of Agriculture which first brought forward a request with respect to land expropriation and easement, which subjects are also dealt with in the brief of the Canadian Federation of Agriculture. We in British Columbia suffer from iniquitous laws in

respect to the expropriation of property for utilities, whether publicly or privately owned. There is absolutely no respect at all for the rights of the farmers or the land owners under the present legislation. Numerous instances have been brought to my attention of farmers whose timber had been cut down without any prior arrangements being made, of surveys being made, of fields being crossed, and things of that sort. This has created such concern that the British Columbia federation of agriculture has given the problem a great deal of study and has employed legal counsel. A good number of my constituents are concerned because, as the committee knows, the Minister of Justice has a plan under which 2,000 of them will be drowned in the near future if he has his way. They are all working together as a unit with the British Columbia federation of agriculture to try to protect their interests because, as I said before, the laws of British Columbia do not offer the proper protection. We are told that farmers are all for free, private ownership. Why, the government is destroying private enterprise, legitimate free enterprise and the small scale industry of farming right and left. Whenever the rights of the ordinary farmer come in conflict with the big corporations they go over the small farmer like a steamroller.

I should like to read a paragraph from page 18 of the brief of the Canadian Federation of Agriculture:

> Land expropriation and easement.
>
> The Railway Act provides that proceedings for drainage works arising out of the location of railways may be taken either under provincial law or under the provisions of the Railway Act, at the option of the land owner. It seems to us that this is a very reasonable principle in relation to problems of compensation and expropriation. We think this option principle should be extended to include all utilities operating under federal charter, and also to apply to proceedings not only for drainage works, but to proceedings for compensation and works connected with expropriation and easements generally.

I think it is the responsibility of the federal Minister of Agriculture, at the dominion-provincial agricultural conferences which are held annually, to work in co-operation with the ministers of agriculture of the provinces to provide some federal and provincial legislation which will protect the rights of Canadian citizens against vested interests and those who, up to date, have had the economic power to do what they like.

The federation commends the government's decision to hold an inquiry into farm machinery prices. We are glad that matter has been referred to a committee. I am also very pleased to see that the Canadian Federation of Agriculture has passed a resolution with respect to nuclear weapons, as follows:

> Resolved that Canada should provide leadership in a plan to control the spread of nuclear weapons by promoting an agreement of all nations that they will not test, manufacture, or possess any nuclear devices for warfare, and
>
> Further resolved that Canada should encourage that this agreement be under the jurisdiction of the United Nations.

I hope the minister will draw this resolution to the particular attention of the Secretary of State for External Affairs because I am sure that when he deals with the Minister of National Defence he will welcome the additional support he is receiving from the Canadian Federation of Agriculture.

The Canadian Federation of Agriculture reiterates its strong support of the Canadian Broadcasting Corporation. I have mentioned briefly the majority of the questions which the Canadian federation brought to the attention of the cabinet. I do urge that the minister give these serious consideration as representing the views of a very responsible segment of our economy, upon which a great deal depends in Canada, and for the welfare of which we should recognize our responsibility on all occasions.

I shall have a few things to say when we discuss the various items.

Mr. Weichel: Mr. Chairman, I should like to say a few words on the agricultural estimates, since Waterloo county is a farming district equal to most counties in Ontario.

Although the growing of wheat, oats, corn and turnips is predominant, this county is well known for producing outstanding livestock and has on various occasions won prizes at the Canadian National Exhibition in Toronto as well as at other well known places.

The Waterloo county federation of agriculture was formed in 1944 and, along with junior farmers, has assisted the whole agricultural economy. The Waterloo county farmers have contributed much to the welfare of farming and the Mennonites, long established here, have carried on this work in a successful way.

Perhaps one of the problems is the lack of help on these farms, as many of the young people are entering other fields of activity. Last year a farmer friend of mine was unable to secure help. This was finally supplied when a Negro working in our district, being an agriculturalist, carried on the duties to the utmost satisfaction of his employer.

On a previous occasion the hon. member for Halton and I mentioned in the house the limited facilities which were available for hog testing programs at Waterloo, Ontario. In 1938, a 48-pen piggery was opened in Waterloo. The building program for the advanced registry station was resumed after the second world war and in 1948 a 60-pen

piggery was constructed at the Waterloo station. In 1959 the capacity of this station was 112 pens. Yet, the capacity of this station appears to be inadequate, as a number of entries have had to be turned away from time to time owing to the lack of sufficient facilities. While there has been some unused space in recent months, I should like to suggest to the government and the minister that they consider in detail the problem of more room. Mr. Ken Cappindale deserves a great deal of credit for his splendid work here. This station has played a prominent part in the breeding and selection of better hogs, and it must be increased in size if it is to continue to fulfil this objective.

The 4-H clubs have increased greatly, and I understand that today we have well over 77,000 boys and girls in this movement. They learn good practices at an age when they have no time to learn bad ones. They are a real credit to the agricultural set-up of our country, and their contributions are outstanding.

Elmira is the egg and chicken capital of Ontario. I understand that the largest broiler breeding farm in Ontario is located five miles from my home and operated by the Seiling hatchery. The output last year was 2,500,000 chicks. In addition, three other major chick hatcheries are located in our area. They are the Reliable, the Bonny Chick and the Produce. It may be interesting to know that Mr. Seiling of the Seiling hatchery developed his own incubator and holds a patent on it. He has been in the business over 40 years. A few years ago the hatchery discontinued hatching laying chicks and now concentrates on the broiler market. Broilers are hatched the year round.

In my travels across Canada, especially across Ontario, I have been deeply impressed with the value of fall fairs in our villages, towns and cities. After all, they are the show windows of agriculture in our country. Displays of baking, dairy and good food products, crafts and art exhibits, along with a showing of cattle, hogs, horses and so on have provided a great deal of interest in many communities. Horse racing, of course, is always popular, as the hon. member for Victoria, Ontario, well knows.

In my own town of Elmira we held our 106th annual fall fair last year over the Labour day week end, at which time the attendance was 22,000 people drawn from a wide area.

In order to provide better facilities for our patrons the Elmira and Woolwich agricultural society are building a new grandstand to seat well over 1,000 people. It is interesting to know that all the directors of this society are farmers, or those having business dealings with them or a background of rural life. Their efforts have provided this fair with real possibilities for the future. Our memorial arena built on land owned by this society has seating accommodation for 1,500 people and many of the exhibits are shown in this building. As mentioned before, a new steel and cement block grandstand and exhibition building is being erected this year. Better facilities will be provided for the comfort of the people and also for the junior farmers and 4-H clubs which are all important in today's rural relationships. I hope that financial assistance will be available for this worthy project. In closing, may I commend the minister and his department for their efforts to bring about better conditions in agriculture.

Mr. Forgie: Mr. Chairman, I listened very carefully to the remarks of the hon. member for Jasper-Edson and the hon. member for St. Hyacinthe-Bagot. I cannot reply to the remarks made by the member from western Canada because I am not a farmer. I am an agriculturalist. So that there may be no mistake about the distinction between the two, may I say that a farmer is a man who makes his money in the country and spends it in the city while an agriculturalist is a man who makes his money in the city and spends it in the country.

The hon. member for St. Hyacinthe-Bagot spoke very glowingly of his constituency. I only wish I could speak as glowingly of mine because not since the hungry 30's have we had anything like the unemployment that we have in Renfrew North at the present time. The hon. member referred to the Farm Credit Corporation. May I say to him that he has very little cause to be worried for no organization of the government has done a better job, thanks to the personnel largely secured from the Veterans' Land Act administration, than the Farm Credit Corporation is doing at the present time. We have great hopes that the efficiency which was so evident in the administration of the Veterans' Land Act will be continued under the Farm Credit Corporation.

The hon. member for Jasper-Edson dealt with problems facing the farmers of western Canada. With that I have no quarrel, but not one word was spoken tonight, other than by the hon. member for St. Hyacinthe-Bagot, with regard to eastern farmers. I am interested in having the question of the differences between the viewpoints of western farmers and eastern farmers aired in the standing committee on agriculture which is now sitting, and I would therefore ask the Minister of Agriculture to refer to that committee the problem of feedstuffs which is a sore spot in the economy of eastern Canadian farmers. I think this matter should

be referred to the committee so that we will be allowed to call witnesses both from the west and the east in order to see if we can solve this problem which is a serious one, particularly to the feed manufacturers and farmers of Ontario and Quebec.

Sometimes I really worry about the situation as far as eastern and western Canada are concerned. I once heard the remark made that if the North American continent had been divided at the Mississippi river conditions east and west of that line would probably be better than they are today. I do not want to suggest that we should have a minister of agriculture for western Canada and one for eastern Canada but nevertheless, having regard to the situation that exists in this part of the country, in my opinion this might be a brilliant idea.

Mr. Jones: It is certainly not one to which the Liberals subscribed.

Mr. Forgie: I should like to deal with another matter which I should like to see referred to the standing committee on agriculture. I refer to the situation in the tobacco industry. I am interested in that industry because on my own diggings in Renfrew North I grew 4½ acres of tobacco, with the support and assistance of the tobacco division of the central experimental farm. In the constituency of Renfrew North there are over 50,000 acres of tobacco land, which is a substantial amount. Tobacco has been grown in that constituency for the last four or five years. As a matter of fact, I was able to secure a loan of $10,000 this year for a tobacco grower. He harvested 29½ acres of tobacco which was subsequently flue cured. He bought 200 acres of land for $4,000. The prevailing price of tobacco at which he sold his crop was 56.14 cents a pound. Because this farmer was successful in growing a first-class tobacco crop the land for which he paid $4,000 is today worth approximately $60,000. Land around Delhi in southwestern Ontario is selling at prices from $300 to $800 an acre, as those hon. members who live in that section of the country know. Therefore those farmers in my section of the country who are making $10 to $15 an acre from land planted in barley, oats or wheat would be well advised to grow tobacco because the soil is sandy. It must be remembered, however, that before beginning to grow tobacco you must be able to find a market.

I should like to refer to an article in the Montreal *Gazette,* I believe. It is pointed out that the introduction of cigarette tobacco growing in Joliette county in the province of Quebec has transformed formerly unproductive land into a $3 million business. In 1933 an acre of the sandy land in that area, which supported only poor grass, small willows and clumps of alders, cost $2 while today the price is $200. The article goes on to say that the change came when a group of provincial government agronomists jointly bought a farm in Joliette county 45 miles north of Montreal and began growing cigarette tobacco. Others quickly followed their example and by 1937 the price of land had climbed to $70 an acre. Last year 135 cigarette tobacco growers in that area earned nearly $3 million from the 5,300,000 pounds of tobacco they produced on 1,400 acres. Early frosts at the end of the summer present the chief hazard to growers. This damage is lessened by careful planning and fertilizer treatment to combine maximum yield with early maturity. As far as the frost situation is concerned in my riding, I might say that the day of September 28, 1948 will be remembered as the day the frost hit the tobacco crop at Delhi and hit my place up in North Renfrew as well. We have not had a day in the last 15 years when the farmers in my constituency could not grow tobacco but the whole problem is to find a market. When we come to a discussion of this problem I will have something further to say about it.

The tobacco industry has been subjected to terrific taxation. I think it will amaze many members of this committee when I recite the taxes that are imposed upon flue-cured tobacco in the Dominion of Canada. An industry of the importance of the tobacco industry would be a godsend to the North Renfrew area providing we could secure a market. We can secure markets if there is an incentive to produce a sufficient amount of tobacco for export, but this does not exist at this time. Experiments are still being carried out by one of the largest cigarette and tobbacco producers in the country. As I have said there is little hope for expanding the acreage under cultivation until this excise tax on cigarettes and tobacco is reduced.

During the last election campaign the Prime Minister spoke at Brantford to about 1,400 people made up mostly of tobacco growers. He told them that no industry in Canada suffered a greater degree of taxation than the tobacco industry. He said that tobacco growers represent the one segment of agriculture that is not receiving the attention that it deserves, and he dropped a clear hint that the tax on cigarettes and tobacco would soon be cut. He went on to say that the government wanted to give tobacco growers this assistance and was studying the industry to see what action could be taken to give tobacco growers a more reasonable return on their investment and more security for their efforts. He said a study of this tax would probably be made by the Department of Finance and the ensuing tax cut could be introduced at the time of the 1958-59 budget.

That was three years ago and nothing has been done yet. I presume that these statements by the Prime Minister were not made for the purpose of gaining votes but I am afraid that is exactly what the tobacco growers have accused him of doing.

In 1953 the present Minister of Finance stated that in his opinion the tax on cigarettes and tobacco was too high and that if there was smuggling at the United States border it was largely due to the actions of the Liberal government in imposing sky-high excise taxes. What action did the Minister of Finance take when his government took over? He increased the excise tax on a package of cigarettes by two cents. The increase in the sales in 1959 was only 3.8 per cent, compared with an increasee of 7.5 per cent in the previous year.

The general value of flue-cured tobacco far exceeds the value of any other agricultural commodity. There are approximately 4,500 qualified farms in Ontario growing tobacco in 16 counties. The estimated capital investment in these farms is $300 million or an average of between $65,000 to $70,000 per farm. The farm buildings and equipment required to cultivate flue-cured tobacco is upwards of $40,000, depending on the size of the unit. Salaries and wages of the tobacco industry amount to over $30 million and the number of employees is over 10,000. There are over 50 tobacco products establishments in Canada.

When we examine the production figures we find that the total yield of all types of tobacco products from 1949 to 1959 was 1,600 million pounds and the excise tax and duty on cigarettes alone totalled $1,960 million. In 1958 the Conservative member for Norfolk, who is himself a substantial tobacco grower, urged the government to reduce the excise tax on cigarettes. A reduction in the taxes on cigarettes has been proved to be advantageous to the government because the reduced tax results in higher sales and yields a higher tax level. The accuracy of this statement was proven in 1952-53 when the minister of finance at that time, Mr. Abbott, cut the tax by two cents a pound and the revenue then increased by $7,800,000. I must say that Mr. Abbott raised the tax by two cents a pound the previous year but realized his mistake in so doing.

It has been pointed out to the government that if Canadian cigarettes could be made longer, without this additional cost of two cents per package, there exists the probability of a greatly increased export trade in Canadian cigarettes. It is obvious that it is highly advantageous to increase our export trade.

The total excise tax, including sales tax, on manufactured tobacco products in the fiscal year 1958-59 amounted to $294 million. In comparison, the total excise tax levied on Canadian cars—

The Deputy Chairman: Order. I am sorry to have to inform the hon. member that it is now ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire what the business is for tomorrow and Monday as well?

Mr. Churchill: Mr. Speaker, tomorrow we will commence with third reading of Bill No. C-73, an act to amend the Income Tax Act and follow then with the estimates of the Department of Agriculture.

The forecast for next week subject to change is as follows: Monday and Tuesday a supply motion; Wednesday, interim supply and if concluded, supplementary estimates. On Thursday we will commence with No. 8 on today's order paper which is a resolution in the name of the Minister of Agriculture dealing with agricultural development. Following, on Thursday and Friday, we will have the estimates of the Department of Agriculture.

The remaining three days prior to the Easter recess will be available for the completion of supplementary estimates and such other business as the house sees fit to bring forward.

Mr. Chevrier: Mr. Speaker, should we finish agriculture on Thursday or on Friday—I doubt if it can be finished Thursday—what other business would we take up?

Mr. Churchill: We would very likely in that event consider the post office estimates.

Mr. Chevrier: Thank you.

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

ANSWER TO QUESTION

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

FEDERAL LOANS AND CREDITS TO FOREIGN COUNTRIES

Question No. 140—**Mr. Argue:**

Question

1. Have (a) any government loans been made (b) any government credits been granted, to any foreign countries in 1959, 1960 and up to February 28, 1961?

2. If so, (a) to which countries (b) in what amounts by years?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. (a) Yes. (b) No.

2. (a) Ceylon 1958-59, $1,484,073.99; India 1958-59, $16,826,999.92; Ceylon 1959-60, $492,112.36; 1960-61, (Up to February 28, 1961), nil. (b) Nil.

HOUSE OF COMMONS

Friday, March 17, 1961

The house met at 11 a.m.

SAINT PATRICK'S DAY

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

Mr. J. A. McGrath (St. John's East): Mr. Speaker, I rise on a question of privilege affecting most of the hon. members of this house. Today is St. Patrick's day, Mr. Speaker, and it is appropriate that on this St. Patrick's day we welcome back to this house from the commonwealth prime ministers' conference and his history making visit to Ireland our distinguished Prime Minister, the first Canadian prime minister to visit the land that gave Canada Thomas D'Arcy McGee.

On behalf of all Irishmen in this house and those hon. members who wish they were, and on behalf of all Irishmen throughout the length and breadth of this country, I wish you, sir, the top o' the morning. May I voice the age-old cry of Irish exiles and Irish patriots everywhere and say "Erin go bragh".

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, on behalf of the official opposition may we be permitted to associate ourselves with the remarks of affectionate admiration for Ireland and St. Patrick, coupled with the name of that distinguished Irish visitor, Mr. John Patrick O'Diefenbaker.

While we are lauding St. Patrick from the old Emerald isle, let us not forget St. George, St. Andrew and St. David.

Mr. H. W. Herridge (Kootenay West): On behalf of this group I shall now do something that I rarely do; I endorse wholeheartedly the remarks of the leader of the official opposition.

STANDING ORDERS

Seventh report of standing committee on standing orders—Miss Aitken.

COMMONWEALTH CONFERENCE

REPORT BY PRIME MINISTER ON RETURN

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, may I first thank the Leader of the Opposition for the way in which he welcomed me back and the designation he gave me. I am sure it was hardly realized that on this day I would be one of those who would owe so much to St. Patrick.

In that connection I might say that in the last few days I paid an official visit to Northern Ireland and also to the republic. In Northern Ireland my wife and I were the guests of the Prime Minister, Lord Brookeborough and Lady Brookeborough. I had the privilege there of addressing a luncheon meeting in the parliament building. From there I went to Dublin at the invitation of the Prime Minister of Ireland, Mr. Lemass. Everywhere I went there was a warmth of feeling for Canada. All were aware that one tenth of the population of Canada is of Irish origin. When I was there I paid a debt that Canada owes to one of the fathers of confederation, the prophet of confederation, Thomas D'Arcy McGee, and there gave to the Irish people a plaque from the people of Canada. On this day all of us, whether of Irish origin or not, join in the tribute paid by the hon. gentleman and those who have followed him to a race to which Canada owes so much.

Mr. Speaker, my primary purpose in rising today is to bring before the house something of the events of the last two weeks. The meeting of the commonwealth prime ministers began in London on March 8 and, as the house knows, I was accompanied there by the Minister of Justice and the Secretary of State, and was assisted during the conference by the high commissioner to the United Kingdom, Hon. George Drew.

The prime ministers' conference is a most unusual convocation. We sit around a small table with practically all the races of man and five of the leading religions, Christian, Jewish, Buddhist, Hindu and Mohammedan represented there. While during the discussions there are always disagreements in detail, there is that feeling that came to me as I visited the commonwealth countries in Asia and Australia and New Zealand some years ago, a feeling that defies explanation or understanding. It is just impossible to believe that any of the members of the commonwealth could ever be at war with one another.

We met in an international setting not as dark as in May, 1960, when the last meeting was held, but there are disturbing elements. While the Soviet campaign of vilification against Washington has subsided, and this is

encouraging, there has been no sign of restraint in other ways by the Soviet leaders. They have relentlessly pursued Communist aims in countres as far apart as the Congo and Laos. I am not going to deal today with the Congo except to say that there the United Nations is on trial, and if it does not succeed in restoring law and order in that country the hopes and aspirations of mankind with respect to that institution may very well be diminished.

While all of us know the situation in Laos, those who live in Asia regard it as fraught with terrible danger.

The Soviet have maintained with increasing vigour their assault on the United Nations and also on the secretary general. Notwithstanding smiles toward Washington, there is much evidence that the Soviet union is not preparing genuinely for a period of calm and conciliation.

Everywhere over that conference came the shadow of communist China, the leaders of which country show an even greater thirst for domination and influence in the uncommitted world than does the Soviet union. The prime ministers were acutely conscious of these uncertainties and dangers. We dealt at some length with the current international situation, and I will deal with that on another occasion.

What I intend to do today is mainly to emphasize the momentous change that took place in the future relationship of the Union of South Africa with the commonwealth. Some may say this is being emotional, but my mind goes back to February, 1917, when for the first time I had an idea of what this commonwealth might be. The expression was not in general use at that time, although it had been originally used some 25 years prior to that date. I saw the King going to open parliament in the darkest days of the war escorted by three or four troops of Boer cavalry, all of whom had served against Britain only a matter of 14 or 15 years before. All of us saw, too, the contribution made by the Union of South Africa in two world wars.

Even before the meeting it was very clear that this would be the focus of general attention. I do not think it is an overstatement to say that in the long history of these commonwealth or empire meetings—we have had ten since the war—no issue so severely strained or tested the flexible bonds of the commonwealth association as did the one which faced this conference.

You will recall that South Africa first raised the question of its future relationship with the commonwealth at the meeting of the prime ministers in May, 1960. The foreign minister of that union gave notice of the intention of his country to hold a referendum on the question of whether South Africa should adopt a republican form of government. At the same time he asked for advance approval of its continuance of membership, or readmission to the commonwealth. At that time we gave to this problem a twofold reaction; the prime ministers affirmed that the choice between a monarchy and a republic was entirely a matter for South Africa to decide, but they also agreed unanimously, and I intend to read this because it represented a change in the commonwealth relationship which had previously existed—

> In the event of South Africa deciding to become a republic and if the desire was subsequently expressed to remain a member of the commonwealth, the meeting suggested that the South African government should then ask for the consent of the other commonwealth governments, either at a meeting of commonwealth prime ministers or, if this were not practicable, by correspondence.

On October 5, 1960 South Africa's choice was made by a referendum which resulted in a majority favouring the adoption of a republic. Subsequently the government of that country announced that a republican constitution would be proclaimed on May 31. I felt and still feel that we had made it clear last May that there was no automaticity about the application of a country which was a member of the commonwealth and which changed its form of government to that of a republic; and that until the legislative processes had been completed the decision had not finally been made.

That view did not command general support. I should point out here that the first reading of the bill to set up a republic was given in the South African house of representatives on January 23, that second reading was given on February 9 and that then the bill was referred to a select joint committee of both houses, the committee to report to parliament on March 24. Hence the matter is still before the parliament of South Africa.

What in effect was being asked was advance approval prior to the final legislative decision being made, something that was denied last May. The wording of the communiqué in May, 1960 reflected the general view of the prime ministers that a positive act of concurrence was required on the part of each of the other member governments if South Africa's request for consent to remain a member of the commonwealth was to be granted. It was agreed by the foreign minister of South Africa that all governments would have to consent; at least that was the statement he made in May last. It was argued that even in the face of the wording of the communique last May, it was still a virtual formality for countries applying for continuance of membership to remain as

members. I think it was the consensus of a majority if not all of the prime ministers that more than a formality was involved. We met. The Leader of the Opposition, with the experience he has had, realizes that I cannot go into detail as to what actually took place but can give only a general outline.

Dr. Verwoerd, the Prime Minister, relied throughout on the argument that the consitutional issue should be dealt with separately, and that on the basis of the precedents there should be no question of South Africa's right to continuing membership. The discussion took a long time. All agreed that South Africa's constitutional change was not in itself an obstacle to continuing membership, but the view was strongly held that the question of membership could not be divorced from the international implications of the union government's racial policies. Apartheid has become the world's symbol of discrimination; and in the eyes of the prime ministers present, other than Dr. Verwoerd, to give unqualified consent to South Africa's application would be to condone the policies of apartheid.

That was the core of the issue which engaged our attention for three days. It was, I have been told, a discussion without parallel in the annals of the commonwealth association. It is a great organization where men—and a woman this time, the Prime Minister of Ceylon—with strong convictions, can sit down together and yet not speak to one another at any time with bitterness, virulence or in the manner described in some of the articles written by persons who must have secured their information from sources not present at the meeting.

I said, and I repeat, that it was a time for the exercise of the utmost compassion, and I have no apology to offer for that. That does not mean an acceptance of what is wrong; and I have found through life that if you follow that course you do not too often have to look back on events and say "If only I had acted otherwise". Compassion does not mean sacrifice of principle. It is based on a seriousness of purpose and a desire for accommodation. Though viewpoints were diametrically opposed, there was a determination to explore every possibility of a solution. If that attitude had not been followed the meetings might well have ended in an angry outburst of mutual recrimination.

Last night at the hour of 11.30 there were gathered in London the prime ministers of the commonwealth—and South Africa is still a member of the commonwealth—and you could not have detected there the tremendous effect of what had taken place a few hours earlier.

We tried to do whatever was humanly possible to avoid a break without making a sacrifice of basic principles. South Africa sought consent on the ground that continued membership was a virtual formality. I took the position that if we were to accept South Africa's request unconditionally our action would be taken as approval or at least condonation of racial policies which are repugnant to and unequivocally abhorred and condemned by Canadians as a whole. Speaking for Canada—and I do not have to say that this attitude represents no recent conversion—I pointed out that we were opposed to racial discrimination, and made it clear that I could not approve any formula or solution which did not maintain beyond any doubt that non-discrimination in respect of race and colour is an essential principle of the commonwealth association.

This was not a stand which was taken then and not before; I have followed that course over the years. All but the Prime Minister of South Africa were in agreement that no expression of consent to South Africa's continuing membership was possible without an expression of the strongest views on their part regarding apartheid.

I shall not go into detail in this connection. We spent a long time on this. The general attitude we took was to criticize strongly and deplore the racial policy of the Union government and the anxiety which we felt it was arousing in the hearts and minds of millions of people throughout the world. We expressed our deep concern about its impact on the relations among the member countries of the commonwealth and on the cohesion of the commonwealth itself as a multiracial association. I took the stand then, and I have taken it before, that the United Nations answers to these principles, and that the commonwealth cannot do less.

The Prime Minister of South Africa stressed strongly the positive aspect of the Union government's policy. He deplored the accusations of racial discrimination and contended that the other prime ministers did not understand the situation as they should. As I have already said, there was a patient and exhaustive search for a formula which would encompass frank criticism of apartheid. Somebody said "We do not want compromise". Well, the countries which feel discrimination most strongly, and which were the most outspoken critics, showed a desire and readiness at all times to come to agreement without sacrifice of principle, and I say in no bitter sense that there was no corresponding readiness on the part of Prime Minister Verwoerd. When I say that, I do not want

hon. members to conclude that he was lacking in forbearance. He is a wonderful personality; he is a kindly burgher. In the face of strong and sometimes provocative criticism he maintained throughout an impressive courtesy and calm.

Was there ever a prospect of a constructive outcome? There might have been. There was a time when discussions seemed to give promise of a mutually acceptable solution. Dr. Verwoerd seemed ready then to acquiesce in a formula which would have been coupled with a declaration of principle by the cumulative conscience of the other prime ministers. That formula might have been accepted. But as discussion proceeded the basis of the compromise dissolved and it was impossible to find language capable of bridging the gulf. Again I say this; it is a lesson to those in this house who sometimes speak about what they would do if they were there. Those who belonged to non-white races showed an attitude of endeavouring to bring about some compromise.

When that hope ended, criticism continued. With some evident regret and without any advance notice—although he read from a document which I observed was somewhat dog-eared—Dr. Verwoerd formally withdrew South Africa's request to continue membership. In the tense drama of that moment little remained to be said. The true depth of the cleavage between him and the things he represented and the other members of the commonwealth was revealed, stretching to the breaking point the will to bridge it.

As I said a moment ago, South Africa remains a member of the commonwealth until May 31. Dr. Verwoerd made it clear that traditional ties with the commonwealth countries will continue. It is difficult to convey the picture of only a matter of 12 or 15 hours ago, when we were together as guests of the Queen and when such a change came about with so little apparent ill feeling.

Was the result unavoidable? I think it was. Over the years I have contended that in a multiracial association it had to become clear beyond doubt that if the commonwealth is to be a force for good, as it should be, there must be a measure of general agreement that discrimination in respect of race and colour shall not take place. I do not think we can compromise that principle if we believe that the commonwealth has a mission for all mankind. It would lose its power to meet challenges and opportunities in the future. I am more convinced than ever as to the power of this institution touching every part of the world.

[Mr. Diefenbaker.]

I am not going to deal today with the conclusions on disarmament, but I think the discussions on that subject brought about a new relationship among the members of the commonwealth; but not an institutionalization, or anything that would interfere with the sovereignty of any of us. The influence of India, Pakistan, Ceylon, Ghana, Nigeria and Malaya joining with the other members of the commonwealth on a subject that has divided the United Nations and on which there has not been that progress that the Secretary of State for External Affairs would have hoped for, represents a major step, as indicated in the appendix on disarmament, toward a realization that only through action now can we save mankind from ultimate self-destruction.

The question naturally arises, has the commonwealth been weakened? Dr. Verwoerd says it is the beginning of disintegration. There are some who view with apprehension the shifting composition of the association. It is a strange thing, but out goes Verwoerd and in comes Archbishop Makarios to represent Cyprus. Sierra Leone was accepted, and other countries will be making application to join within the next year or so. The close intimacy of the days when the present Leader of the Opposition was secretary of state for external affairs, with a few members gathered about, is ended.

There are those who see South Africa's decision as the forerunner of further withdrawals as a result of campaigns of criticism related to national policy. In that connection I should point out this. All of us agreed that no national policy of any country should be examined or considered without the consent of that country. Dr. Verwoerd himself undertook the explanation of the policies of his country.

I do not minimize the risks inherent in the emerging trends. The task before the commonwealth is to reduce the risks by building firmly on new foundations. What has happened might be epitomized thus. We have declared that non-discrimination on the basis of race and colour is the foundation stone of a multiracial association composed of representatives from all parts of the world. No foundation could be broader or more solidly based than the fundamental principle which, though unwritten, has emerged from this meeting.

I have advocated in the past and I continue to advocate a declaration of principles. When I spoke in the house on May 16 last I referred to the possibility that the time might not be far distant when acceptance by custom rather than by the declaration of certain basic principles, including the equality of all mankind irrespective of race, colour

and creed would be assured. No document was signed on this occasion, but that does not diminish the importance of what happened. I reiterate that we accepted the basic principle and established it as a commonwealth custom for the future. This is the bedrock of the modern commonwealth, the assurance as I see it of a stronger commonwealth in the future.

You will have noted, sir, that shortly before the meeting began the chief minister of Tanganyika, Mr. Julius Nyerere, published an arresting statement in which it was said that in so far as Tanganyika was concerned there would be no question of applying for membership in the commonwealth if discrimination were condoned. That statement and others by African leaders in territories shortly to achieve independence foreshadowed the course and the promise of the future.

There will be some who will say, and they will speak with great energy, that we should have pressed for the expulsion of South Africa. I remind those who speak in that vein that Ghana, Nigeria, India, Pakistan, Malaya and Ceylon did not follow that course. I think the fact that this break had to come and that South Africa should have withdrawn its application was the best course that could be followed. It provided a clearer opportunity of registering the principle of non-discrimination; for the prime ministers would not have been satisfied with less.

As the Prime Minister of the United Kingdom said yesterday in the British House of Commons, I regret that South Africa made this choice instead of adopting the attitude of a reasonable acceptance of a primary fact in the world in which we live.

I have seen the commonwealth in a different light than ever before. We took the course that anyone who recognizes the fact that communism marches on the application of discrimination, wherever it is practised, must take. I shall detour a moment to tell hon. members that, in the midst of the argument the day before yesterday, Dr. Verwoerd handed me a clipping regarding the denial of admission of two negroes to a hotel in the city of Edmonton. I do not think I have to make any further observation in that connection.

This is a fair summary of what took place. I thank the house for hearing me so patiently. I do not think there is any immediate necessity to discuss the other matters that were dealt with, but I will do so if the house grants me that privilege when the estimates of the Department of External Affairs are before the committee of supply.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, my first words must be to reiterate what I have already said to the Prime Minister personally, namely that it is good to see him back in the house and looking so hale and hearty after what must have been a very exhausting and in some respects, I am sure, a trying experience at the prime ministers' conference. As a matter of fact, when I was passing the Chateau this morning I had thought of dropping into the hotel and taking advantage of one of those machines that are scattered around the lobby to give him the message on film and signing it in that way. Perhaps this is a better way of doing it.

The Prime Minister has spoken with moving eloquence about the nature, the character and the history of conferences of commonwealth prime ministers; how in the past it has been possible to maintain the informal, friendly character of those meetings, sitting around, as he put it, a small table, which will now have to get larger, and talking together as members of a family. It has been possible in the past to keep those meetings on that informal family level; prevent controversial subjects coming up in the kind of discussion which would bring about public statements and reports.

The communique on this particular conference which was issued this morning and to which the Prime Minister alluded briefly—and I can understand that the reference should be brief on this occasion, because we shall have an opportunity later to debate the international matters referred to in the communique as well as in greater detail the commonwealth questions involved—referred to the international situation which he mentioned as one in which the atmosphere happily is somewhat better. I do not think however, that any of us can take very much comfort out of that, however, because, as the Prime Minister has put it, cold war policies have not changed. Even the atmosphere after the inauguration of the new administration in Washington has unfortunately clouded again recently and, if I may put it this way, coexistence seems to be returning unhappily to normal.

The communique has an interesting reference to the importance of making progress in disarmament. It is to be regretted that understandably the commonwealth prime ministers on this occasion were not able to co-ordinate the resolutions which now are before the United Nations, including the Canadian resolution designed to, as the communique put it, promote disarmament negotiations, so that the commonwealth could have acted in this respect through a single disarmament resolution.

The Prime Minister referred to the discussions—and they are mentioned in the communique—about the United Nations structure

and constitution. There is an interesting paragraph in the communique on that. I regret that it was not found possible—I can understand why it was not—to include in the communique some expression of unity and strong support for the secretary general in the work he is doing under the vicious attacks that are being made on him by those who are even more interested in destroying his office than they are in destroying the man. However, I am glad to see that there is in the communique a reference to the desirability of upholding the purposes and principles of the charter and the preservation of the international and independent character of the secretariat. In that connection I cannot help but feel some relief that a proposal which appeared in the press at least and which may have appeared in the conference, to change the structure of the higher level of the secretariat by surrounding the secretary general with three deputy secretaries general does not appear in this communique. I cannot myself feel that this would be a helpful change at this time.

There is no reference in the communique, although I am sure it is a matter under continuous consideration, to the desirability, and perhaps even in the future the necessity, of modifying in some way the structure of consultation and discussion among members of the commonwealth at commonwealth conferences in the light of the new constitution of the commonwealth. New members are coming in at each commonwealth prime ministers' conference, and that is all to the good; but of course it does alter the nature of commonwealth meetings, as the Prime Minister himself has pointed out. As he said, the old days of a small, intimate, informal association around a small table seem to have disappeared.

The most important and difficult matter, and one of the most dramatic that has ever come before a prime ministers' conference, was the situation that arose in regard to the application of South Africa to remain in the commonwealth consequent upon the adoption of a republican constitution to take effect at the end of May. It was decided some years ago, and the decision is not likely to be reversed, that there is room in this commonwealth of nations for nations of every constitutional form and character. Yet it has, I think, become a part of the conventions, because there are no laws of the commonwealth, that if a member of the commonwealth changes its constitutional structure or character, or if a member of the commonwealth seeks to enter via colonial status, the application should be agreed to by all the existing members of the commonwealth. That was required previously, and it has been required in the application made by South Africa. That application has now been withdrawn, and there is no reason to believe that South Africa will not now be leaving this association of nations at the end of May.

It is impossible not to regret deeply that the diplomacy of conciliation and mediation was not successful at the meeting in London in finding a formula which would have maintained inviolate a principle without bringing about a separation. No one, Mr. Speaker, can surely take any satisfaction out of the withdrawal from the commonwealth of the country of General Botha, the country that produced in the person of Field Marshal Smuts one of the greatest statesmen and leaders in the commonwealth, the country where the transition in a few years from military defeat to self government, to partnership, has always, and rightly, been heralded as one of the glories of the commonwealth association. Whatever may happen to South Africa, Delville Wood and Tobruk will always be in the commonwealth, and perhaps even now we may be able to look forward to a day when changing policies and changing conditions and the acceptance of those changes in South Africa may make it possible and desirable for South Africa to ask for readmission into the commonwealth in circumstances which would ensure a welcome for her by all the other members of the commonwealth.

One can take no satisfaction out of this withdrawal, but one can take even less satisfaction out of the fact that it was brought about by the uncompromising adherence of the South African government to a policy of race discrimination which was bound to be deeply repugnant to and opposed by other members of our multiracial association of free nations. The feelings of Canadians inside and outside the house about such discrimination have already been expressed. They have been expressed by the Prime Minister and other members of the government. They were expressed by me last April 27 prior to the conference of that year, and they were expressed formally in a resolution by the national convention of the party I have the honour to lead, a resolution passed unanimously last January, which reads as follows:

> The commonwealth has recently undergone rapid and important changes which have brought colonies to independence. Canada should continue to foster and support all such moves inside and outside the commonwealth toward responsible freedom. We should uncompromisingly oppose policies or trends based on racial or other forms of discrimination, including apartheid in particular, which not only are bad in themselves but are incompatible with the nature of the commonwealth as a multiracial association of equal, independent and freely co-operating nations.

Nothing has happened since then, Mr. Speaker, to change my views and those of my

party on this matter. Before the last commonwealth prime ministers' conference, which was in May, 1960, I believe, the Prime Minister said that he feared "for the future of the commonwealth if the prime ministers' conference should become the judge and jury of the conduct of member nations". He repeated that view at a Canadian Club dinner in London a week or so ago, according to press reports.

Well, Mr. Speaker, the commonwealth conference has now decided that there must be such judgment including, according to press reports—and the Prime Minister confirmed those reports this morning—the requirement that every member of the commonwealth accept certain principles, among them being condemnation of racial discrimination. According to the London correspondent of the Toronto *Globe and Mail*, as found in the issue of March 15—until the Prime Minister spoke this morning this was the only quoted text I was able to get on this subject—Mr. Nehru put forward this requirement in a declaration which included the following:

> We the prime ministers of the commonwealth recognize that the principle of racial discrimination is inconsistent with membership in the commonwealth.

I take it that now applies to the commonwealth association. Last May I stated in the house that the conference of that time had merely "postponed a showdown". That showdown has now taken place, presumably on the basis of the declaration I have just quoted or the one from which the Prime Minister read this morning, because when such a declaration was pressed to a decision the result, it is now perfectly clear, was inevitable. I take it from what the Prime Minister has said this morning that the choice had to be made in London between South Africa and apartheid in the commonwealth and the Asian and African members remaining in the commonwealth. In the circumstances which made that choice necessary, the processes of conciliation and mediation having regrettably failed, there was, I believe, only one course for Canada to follow and she followed it.

But let us not deceive ourselves. The implications of the procedure that has been followed and of the results that have flowed from it at this conference are very important and very far reaching. On May 16 last the Prime Minister had this to say in the House of Commons as found on page 3899 of *Hansard*:

> ...if we ever arrive at the point where we will discuss—

He was referring to commonwealth prime ministers' conferences.

> —the internal affairs of other countries and determine the course by a majority, then there will be problems that will arise and it could only mean that several countries in the commonwealth could not accept the decisions of the majority. I need not go into particulars in that regard; I think a number would come to mind immediately, including the question of migration.

The commonwealth has now reached and passed this point of non-intervention.

Mr. Diefenbaker: If I may be permitted to say something, and I do not want to interrupt the hon. gentleman, I pointed out that Dr. Verwoerd himself introduced the subject for discussion at London and said, "I am prepared to discuss this". Otherwise we would have found ourselves in the position that we always have, that internal affairs of any nation shall not be discussed.

Mr. Pearson: Mr. Speaker, the Prime Minister has made an interesting intervention to the effect that—I hope I am not misinterpreting what he said—if Dr. Verwoerd had not himself agreed at this meeting to the discussion of the matter, it could not with propriety have been discussed. That is very interesting and very significant in terms of the future of the new commonwealth association. Undoubtedly we have had indication that this will happen; that questions concerning racial discrimination in all its forms, if they should ever arise, will in fact be subjects of discussion. I would have thought from what happened in London that it has now been established that the policies of any of the members of the commonwealth which affect racial discrimination in any form, or constitute a violation of human rights or human dignity, are now subjects for examination at the commonwealth conferences. This change comes at a time when new members are being added to the commonwealth who are sensitive to a degree in regard to these matters especially and to any suspicion, even, of racial discrimination, but who do not—I say this in no spirit of criticism at all in view of the circumstances that they face in these countries—all apply in the conditions that face their countries those concepts of personal liberty and political democracy which, in the case of our own country and others, are the result of long and slow development over the years, which is no doubt why they work so well in our country.

We are indeed approaching a new and testing era in commonwealth relations. A great deal of understanding and good will is going to be needed by all the nations concerned if the test is to be met successfully. It is imperative that it should be met. If it is, then the commonwealth can perform now a role of great and increasing value as a bridge between Asia and Africa on the one hand and the west on the other, when there are

very few if any such bridges in the world. I would think that the commonwealth is now, because of what has happened in London, put in a stronger rather than a weaker position to perform that particular role.

South Africa's announced withdrawal raises certain questions for its former associates in the commonwealth, questions of preferential trade and commonwealth status which it is not necessary to go into now; we will have an opportunity to discuss that before long, I assume. The withdrawal raises one other question which I am sure is in all our minds. What will it do for those African people who are the victims of that policy of apartheid which in the event, because the South African government clung so stubbornly to it, forced South Africa out? Will it hurt or help them? In any event, surely it is to be hoped that South Africa's new isolation will not give her a feeling of immunity from world opinion in this matter of apartheid and racial discrimination.

The commonwealth will soon lose one of its founding members in circumstances that can cause no satisfaction to anyone. One old member will go and two new ones will now come in, one from Africa and one from the Mediterranean. Let us hope that this association which has done so much in the world since it was formed will now be stronger and have a deeper meaning for those that remain in it and for the new ones to come into it.

Surely there can be no difference of opinion in this house on this score, that the strengthening of this association should be the objective of every member nation in the commonwealth whose full equality with every other member in rights and in race has now been confirmed, I think it is correct to say, as a condition of membership. There is no certainty, in the new circumstances of the old commonwealth, that this objective of strengthening can be achieved. It will not be done merely by speeches and declarations; it will be done only by the closest co-operation among all its members based on mutual respect and understanding.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I want to add my voice at this time to that of the Leader of the Opposition in extending to the Prime Minister a very warm welcome home. We welcome him today, along with the people all across our country, as the Prime Minister of our nation who has returned from a very important international conference.

I think we all regret exceedingly that South Africa found it impossible to start along the road of changing its policies of discrimination based on race. We regret that South Africa gave no indication that she was prepared to amend those policies. We believe, that being the situation, the members of the commonwealth had no other course but to express strong opposition to those policies, strong to the point that South Africa withdrew her application for readmission to the commonwealth. If the commonwealth is to survive and grow, as I am certain it shall, then it seems to us essential that this principle of nondiscrimination should be spelled out and strengthened.

The commonwealth, to make a contribution to peace and to the welfare of humanity, must be based on nondiscrimination. I suggest therefore that it must be based, for its main strength, on free institutions. The principle of the equality of human races is being accepted more and more throughout the world, and those who would continue a policy of the dark ages of the past will find themselves, in our opinion, in a smaller and smaller minority. Survival of humankind itself depends on the removal of discrimination in all its forms.

If the prime ministers at the commonwealth conference had decided, which was the alternative, to allow South Africa to remain in the commonwealth I should think there would have been great danger that other nations might leave the commonwealth. It would seem to me that this very act would carry the danger of turning the peoples of Africa and Asia against the commonwealth itself. There is no doubt that the course taken by South Africa is a very dangerous one and that this small minority, the white population, is in increasing danger because of the policy that South Africa has followed. If that minority is to have any hope of survival it must be in a community where racial equality is accepted, and it will have to be in a world where the white nations have determined that racial discrimination shall be removed.

We naturally regret these unhappy events, but we think the maintenance of the commonwealth has not in fact been jeopardized. On the contrary, we think history will show that although this was one of the most frustrating days for members of the commonwealth, it will eventually be found to be a turning point from which the commonwealth will gain greater and greater strength.

There is, of course, one question which I think is in the minds of most of us and which has not been dealt with today. I refer to the economic policies that will be followed as between South Africa and the other members of the commonwealth beyond May if this extremely difficult and apparently inevitable step is now to be taken. I am not one of those who think we should necessarily discriminate because one action has been taken which

we do not support. However, it seems to us that it must not be possible for a member to remove herself from the commonwealth of nations while at the same time retaining the economic advantages that go with partnership in the club. We think it would be a bad precedent if a member could be removed from the club while still allowed to enjoy commonwealth trade preferences.

Mr. Speaker: Order. I am sorry to interrupt the hon. member, but it seems to me that he is introducing a new subject which is beyond the scope of the statement and which might better be reserved for the time when debate can take place on these matters.

Mr. Argue: Mr. Speaker, this is certainly a question which must be dealt with, on which statements must be made and as to which policy must be determined. South Africa having taken this course, we are of the opinion that it may be possible for more liberal elements within that country to exert themselves and that from this unhappy situation will grow a modification of the apartheid laws. We believe that economic pressure may become an effective means of bringing to bear on the government of that country the kind of influence that may lead to a modification of those policies. The future we cannot see, but certainly as a result of the events that have taken place Canada is now in a position to exercise stronger and increased determination to lead middle powers in the world along the line destined to bring about peace, racial equality and the removal of discrimination in all its forms.

We express the hope that the voice of Canada will speak out more loudly in this regard. Although these are very difficult times, we think the United Nations will stand us in good stead. With conditions in Africa as they are and with the possibility of deterioration, we think now is the time for members and supporters of the United Nations to strengthen the instrument of the United Nations in every possible way.

As to the step that has now been taken, we believe history will show that it indicates a growing support of the basic dignity of human individuals and a growing respect for the equality of races; we believe that in the days ahead it will lead to a strengthening of free political institutions. Although it is a difficult time for all of us, we think eventually this step will go down in history as one of the great events to its credit in the evolution of the commonwealth, and as one of those great historic events to which mankind will refer and say "Here we made great progress".

EXTERNAL AFFAIRS

ITALY—CENTENNIAL ANNIVERSARY OF ESTABLISHMENT OF CONSTITUTIONAL MONARCHY

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I should like to draw the attention of the house to a significant anniversary observed this year in the history of a nation which has been closely associated with Canada in friendship and history, and whose traditions and culture have contributed much to this nation. On March 17, one hundred years ago, the parliament of Piedmont met at Turin, Italy and proclaimed Italy a kingdom under Victor Emmanuel II. This act created the first national government of united Italy and the present parliamentary republic which came into being in 1946 was the successor state to the constitutional monarchy established in 1861.

To commemorate the centenary of this historic event celebrations are being held this year throughout Italy, and major Italian cities will solemnize the occasion with appropriate ceremonies. This occasion provides us in Canada with an opportunity to pay tribute to the major contributions made in so many fields of Canadian endeavour by nearly a million and a half Canadians of Italian descent, among whom are two distinguished members of the house, namely the hon. member for Hamilton East (Mr. Martini) and the hon. member for Fort William (Mr. Badanai).

As a manifestation of the deep-rooted friendship and good will which Canada cherishes for Italy and for its people, I should like to suggest that it would be appropriate for the Canadian House of Commons, on this the one hundredth anniversary of Italy's independence, to pay tribute to what has been done and also to have placed before it an appropriate motion. I therefore move, seconded by the Leader of the Opposition (Mr. Pearson):

> That the Speaker of the House of Commons convey to the president of the chamber of deputies of the parliament of Italy, the good wishes of the Canadian House of Commons on the occasion of the centennial anniversary of the proclamation of Italy as a unified state at Turin on March 17, 1861.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am honoured by being able to second this motion of tribute to one of the lands from which Canada has secured so much strength and colour in the person of Canadians from that land. I refer to the land of Italy to which the world owes so much as the source of the civilizing mission of Rome, of the mission of the Christian church, as well as the source of so much that has contributed to civilization in the arts and letters, especially from the Renaissance.

Inquiries of the Minister

As the Prime Minister stated, one hundred years ago the nation of Italy was established. It was due to the work of men like Cavour, Mazzini and Garibaldi. During that one hundred years Italy has had its ups and downs, and there have been times when we in Canada have not found ourselves on the same side as Italy in international events. Happily those days are over, and we now work together with the government and the people of Italy in the friendliest possible co-operation as allies in the Atlantic community.

As the Prime Minister has mentioned, we owe a great debt of gratitude to that country for those who have come to Canada from it and whose industry, initiative, intelligence and colour have added so much to our national heritage.

Mr. Hazen Argue (Assiniboia): This is another subject, Mr. Speaker, about which there is unanimity in all quarters of the house. I am pleased on behalf of the C.C.F.-New Party caucus to associate ourselves with the remarks of the Prime Minister and the Leader of the Opposition. We are pleased to pay this tribute not only to Italy as a nation but also to our fellow Canadians who have come from that land. It is easy for us to pay this tribute at this time since our relations with Italy are so cordial, and we are fortunate as a country to count among our citizens so many thousands of people who have come here from Italy and who are becoming in such a short space of time Canadian citizens in the very best sense of the word.

Motion agreed to.

COMMONWEALTH RELATIONS

INQUIRY AS TO LOSS OF TRADE PREFERENCE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): In the absence of the Minister of National Revenue perhaps I might address this question to the Secretary of State for External Affairs. I referred to it yesterday in addressing a question to the hon. gentleman. It is this. Is it not a fact that the government may withdraw by order in council the benefits of the British preferential tariff from any British country, and that authority for any such withdrawal is given to the governor in council under subsection 1 of section 4 of the Customs Tariff Act?

Hon. Howard C. Green (Secretary of State for External Affairs): The Leader of the Opposition has asked this question in a general way, but I presume what he is fishing for is an answer to a question he asked yesterday as reported at page 3033 of *Hansard*, which reads:

[Mr. Pearson.]

Is it or is it not a fact that preferential treatment automatically ends with withdrawal of any nation from the commonwealth?

Yesterday I replied by saying I was not in a position to give a definite answer to the question. I am in a position to give an answer today. The fact is that there is a bilateral trade agreement, as I had indicated earlier yesterday, between Canada and South Africa signed in 1932 following the imperial economic conference, and that agreement provides for guarantees on rates of duty and in some instances margins of preference for specific products. The agreement extended initially for five years, and after that date was terminable on six months' notice by either party. There is no clause in the agreement which states that preferential treatment ends with the withdrawal of either party from the commonwealth. The agreement is still in existence, and hon. members may be interested to learn that Canada sells far more goods to South Africa than we buy from that country.

TRANSPORTATION

ROYAL COMMISSION—INQUIRY AS TO PRESENTATION OF REPORT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): In view of the fact that so many important questions turn on the studies of the royal commission on transportation I wonder if the Prime Minister could inform the house when he expects to receive either the intermediate or the final report.

Right Hon. J. G. Diefenbaker (Prime Minister): I have not had a report since my return about two hours ago, but I shall try to have the information for Monday.

UNITED NATIONS

SOUTH WEST AFRICA—IMPLEMENTATION OF RESOLUTION RESPECTING TRUST TERRITORY

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Secretary of State for External Affairs what action the government proposes to take to carry out the United Nations resolution, which it supported, that influence be brought to bear on South Africa to change its policy in connection with the trust territory of South West Africa.

Hon. Howard C. Green (Secretary of State for External Affairs): I am not in a position today to make any statement about what action should be taken. I think that resolution was brought forward having in mind the commonwealth conference which, of course, has just ended.

Inquiries of the Minister

SPORTS

HOCKEY—REQUEST FOR OVERPRINT STAMP COMMEMORATING WORLD CHAMPIONSHIP

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Postmaster General. I am asking this question at the request of the David Thompson stamp club at Castlegar, British Columbia, whose members are ardent philatelists with an appreciation of major sports achievements in Canadian history.

In view of the fact that from time to time numerous countries smaller than Canada have commemorated many less important events than the winning of the world hockey championship by the Trail Smoke Eaters with special issues of stamps, would the minister give consideration to having some five million copies of the large size northern development stamp overprinted with the words "World Hockey Championship, 1961"?

Hon. W. M. Hamilton (Postmaster General): I agree with the hon. member that this is an event of considerable interest to all Canadians but, like so many of our recent stamp issues, this one has proved so popular and in such demand that there is no substantial quantity left which could be overprinted in the way suggested. Since the name of the team is the Trail Smoke Eaters I looked to see whether we might have five million copies left of the fire prevention stamp, but we do not have this quantity available.

Mr. Herridge: In the event of there being another issue of this stamp during the present year, would the minister give consideration to the request I have made?

Mr. Hamilton (Notre Dame de Grace): I would not be too hopeful that we would be able to work anything out, but I shall be glad to give consideration to the suggestion.

[*Later:*]

Hon. Lionel Chevrier (Laurier): Mr. Speaker, following the question of the hon. member for Kootenay West, may I direct a question to the Postmaster General and ask him if he will not issue a stamp in honour of the record established last night in Montreal by Boom Boom Geoffrion?

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, if we were to issue stamps in honour of the records established and to be established this year by the Montreal Canadiens we would have no room for other issues.

INDIAN AFFAIRS

SARNIA, ONT.—INSTALMENT PAYMENT ON SALE OF LAND

On the orders of the day:

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): Mr. Speaker, yesterday the hon. member for Bonavista-Twillingate inquired whether Dimensional Investments Limited had made the payment which was due on March 15 in relation to the sale of Indian land at Sarnia. The answer is no. Notice was sent to the company yesterday giving them 30 days in which to remedy the default.

NATIONAL DEFENCE

ABBOTSFORD, B.C.—REPORTED CANCELLATION OF RESERVE ARMY PARADES

On the orders of the day:

Mr. Harold Hicks (Fraser Valley): I should like to address a question to the Minister of National Defence based on a recent editorial appearing in the Abbottsford-Sumas-Matsqui *News*. I wish to ask the minister whether it is correct, as stated in the editorial, that reserve army parades have been cancelled in the Abbotsford area due to the withdrawal of transport vehicles for repair.

Hon. D. S. Harkness (Minister of National Defence): The militia units in Abbotsford consist of two transport platoons and one workshop platoon of 156 company, Royal Canadian Army Service Corps. In addition there is an army cadet corps sponsored by the militia. Five vehicles are maintained for the transportation of militia and cadet personnel to the training area. Earlier this month three of these vehicles were sent to the workshop for repairs, one of which will be returned before Easter and the remaining two shortly thereafter.

I am informed that to date training has not suffered through the temporary loss of these vehicles. Western command is attempting to arrange alternative transportation.

Hon. Paul Hellyer (Trinity): A supplementary question. Is there no pool of vehicles in western command available to provide alternative transportation in these circumstances?

Mr. Harkness: There is a pool of vehicles available. Western command headquarters, as the hon. member probably knows, are in Edmonton and, as I said, an attempt is being made to provide some extra vehicles while the repairs to the unit's vehicles are being undertaken.

Inquiries of the Minister

TRADE

FLOUR—DISCUSSION OF U.S. SUBSIDY ON EXPORTS

On the orders of the day:

Mr. E. Nasserden (Rosthern): I wish to direct a question to the Minister of Agriculture. Could the minister tell us whether he raised the question of subsides on United States flour exports in his conversations with United States officials on his recent visit to Washington?

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, I believe the Minister of Finance has already made a statement on this subject. I believe he mentioned that food products were discussed. Of course that would include flour.

TURKEYS—INQUIRY AS TO QUOTA ON IMPORTS FROM U.S.

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, I wonder whether the Minister of Agriculture is in a position today to answer a question I asked yesterday, which his parliamentary secretary took as notice.

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, I examined this question in *Hansard* this morning. The question is as follows:

Is it the intention of the government to abolish the four million pound maximum quota on the importation of turkeys from the United States?

I am not sure whether this question is in order, though I may be subject to correction in that respect. If it is, I should like to say that at the present time we have no thought in mind concerning any change.

OLD AGE SECURITY

CLARK REPORT—INQUIRY AS TO GOVERNMENT POLICY

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare based on a statement he made in this house two and a half years ago to the effect that he was studying the recommendations and projections of the Clark report regarding the old age security system in the United States and its possible adoption in Canada. Now that the study has proceeded for two and a half years, is the minister in a position at this time to say that government policy is or will be?

Hon. J. W. Monteith (Minister of National Health and Welfare): No, Mr. Speaker, government policy will be announced in the house in the usual manner, of course.

[Mr. Harkness.]

Mr. Martin (Essex East): May I ask the minister whether he has completed his study, Mr. Speaker?

Mr. Monteith (Perth): No, Mr. Speaker.

LABOUR CONDITIONS

GRAND'MERE, QUE.—REPORTED CLOSING OF KNITTING MILLS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask the Minister of Labour whether he has had an opportunity to look into the question I asked yesterday in connection with the laying off of some 300 employees of the Grand'Mere Knitting Mills and the Grand'Mere Handcraft Mills?

Hon. Michael Starr (Minister of Labour): No report has yet been brought to my attention on this matter, Mr. Speaker.

INCOME TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved the third reading of Bill No. C-73, to amend the Income Tax Act.

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

SUPPLY

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

DEPARTMENT OF AGRICULTURE

1. Departmental administration, including advisory committee on agricultural services, $911,098.

Mr. Smallwood: Mr. Chairman, as I am the first speaker today I think I would be remiss if I did not welcome our Prime Minister back to Canada. I am very pleased to see that he is in good health after such a tiring trip. We have an outstanding Prime Minister who is guiding the destiny of our country in difficult days. If I may address the right hon. gentleman through you, sir, I am sure, Mr. Prime Minister, that the people of Canada appreciate the untiring leadership you are giving us at this time.

I wish to take this opportunity of congratulating our Minister of Agriculture on the fine job he is doing at this time. It is beyond my understanding how the hon. member for Assiniboia can go across the country talking about what a great mistake was the appointment of our present Minister of Agriculture. I have in my hand an article which appeared in the Edmonton *Journal* reporting a speech made by the hon. member for Assiniboia in Regina. The article reads in part:

National C.C.F. leader Hazen Argue said Tuesday the appointment of former northern affairs minister Alvin Hamilton as agriculture minister in a federal cabinet reshuffle is a mistake.

He also said he is disappointed that the federal government failed to appoint a farmer to the post.

"This is not only a mistake because Mr. Hamilton is not a farmer but because he is not acquainted with agriculture."

We all know that the hon. gentleman from Assiniboia places great reliance on the Saskatchewan farmers union. Let us examine what the president of that union said with respect to this appointment.

Mr. Argue: I often disagree with them.

Mr. Smallwood: Oh, not very often. This is terrific. The hon. gentleman is changing horses again.

Mr. Woolliams: Don't worry about the ability of the hon. member to change horses.

Mr. Smallwood: Maybe he will marry off the farmers to labour. The hon. gentleman is now starting to disagree with the farmers. This is what the president of the Saskatchewan farmers union said as reported in the *Western Producer*:

President Alf Gleave of the Saskatchewan farmers union said Saskatchewan farmers will be happy to have one of their own members of parliament as minister of agriculture.

"Mr. Hamilton has a thorough knowledge of the farm situation, particularly of the position the western grain growers are in, and we are hopeful that he will enact measures that will improve it."

I am pleased to read that statement by the president of the Saskatchewan farmers union. Our present minister who now has control of the wheat board has done a great job in expanding our markets.

I wish now to deal briefly with some of the comments made by the hon. member for Assiniboia, who recently advanced the proposal that the government should announce quotas for the ensuing year and made the suggestion that if the government announces it will take eight bushels and can take only six the wheat, should be left on the farm and the farmers should be paid for the remaining amount.

Let us examine this proposal. It is obviously a suggestion designed to help the big producers, the big wheat farmers. During the discussion of the Aurora Pipe Line Company bill we heard a great deal from hon. members in the far corner about Texas buccaneers.

Mr. Argue: A red herring.

Mr. Smallwood: I am not dragging in any red herrings, buster. During the discussion of Aurora we heard a great deal about Texas buccaneers. We are aware that it is a fact that 24 per cent of Saskatchewan farms on the Regina plains are controlled by United States interests. These are the big boys that the hon. member for Assiniboia seeks to help with his proposal. They probably own up to 3,000 acres. The hon. member wants the government to buy their grain which is left on the farm. He urges that we spend our money in this way giving it to the big American buccaneers on the Regina plains instead of helping the small family farms.

Mr. Argue: You are even more stupid than usual.

Mr. Smallwood: I did not hear that remark, but I thought the hon. member said I was stupid. If anyone is more stupid than the hon. member for Assiniboia I should like to know who it is.

Mr. Argue: He is talking right now.

Mr. Martin (Essex East): Mr. Chairman, in fairness to the hon. gentleman who is speaking I believe that the word "stupid" used by the leader of the C.C.F. is unparliamentary and should be withdrawn.

Mr. Argue: I did not say he was stupid; I said more stupid than usual. If that offends the sensibilities of the hon. member for Battle River-Camrose or on this particular occasion those of the hon. member for Essex East, I will be happy to withdraw or modify that comment.

Mr. Smallwood: I would not want to put the hon. member to all that trouble. In this case it is just like getting kicked by a mule. You have to consider where it comes from, and the hon. member's comment does not bother me at all.

The proposal advanced by the hon. gentleman is designed to help the big farmers. I am more interested in the family farm unit. Those on the family farms are the people we must keep on the farms. They produce some of our finest citizens. Children who are raised on family farms enjoy a full life and have a good background. If we can keep them on the farms we will prevent the unemployment situation from worsening.

There is a paragraph in this newspaper about the feed mills. I am not opposed to the new feed mill legislation, but if the hon. member will look around he will see that again he is wrong. I quote from a letter in the *Western Producer*, as follows:

I note in the press where the farm unions were left holding the bag, re the feed mills. After some other farm organization pulled the rug out from under them, by some of them reversing their stand.

Now I predicted this would happen after they came to realize how badly the vast majority of farmers wanted the new feed mill regulations and I admire them for it as a man's a man when he comes back and makes amends after he realizes he was wrong. I even wrote our M.P. quite early in the fray and explained if they held the line for a while proof would come out that the vast majority of farmers wanted and approved of the new ruling. Also it was not compulsory and the farmers are capable of their own bargaining.

That is what we want on the farm. We do not want complete government control. We

are an independent class of people and we like to do our own bargaining. We do not like to be tied down by too many government controls.

I was up in the cafeteria yesterday, and I was interested to hear a couple of reporters talking about how well off the western farmers were. I would suggest to the members of the press gallery that if the farmers are so well off in the west they lay down their pens and go out and buy farms. I predict that they would starve to death. The trouble is they make those statements but they do not know what they are talking about. Like those reporters, too many people living in the cities think the farmers are well off. I wonder whether these people would be interested in going through the country, not only in the west but in the east, to see the women and children who are working on the farms helping the farmers to make a profit and a living. I realize that food costs in the stores have gone up far too high, but I can certainly say that the farmer is not getting his share of the price the consumer is paying.

We have more or less spoiled ourselves these days. I can remember a few years back when you were able to go in the butcher shop and have the butcher take down a whole quarter of beef and cut you off a roast or a steak. What happens today? Everybody expects it to be wrapped in cellophane. Years ago when you went in the store to buy a dozen eggs you would be glad to take them home in a paper bag. Today they must be in a special container. This is all costing money. The middleman is making the profit, and the farmer is not receiving a fair share by way of return for his work.

I have here some very interesting notes regarding the operation of farms, their importance and what big business farming is. I do not think there is any line of business where the investment is larger and the return is smaller than in farming. Here is a study which was undertaken in the United States, and I am sure the results will apply to Canada. It has been found that at the beginning of settlement of this continent if took nine men to feed one person. Today one farmer can feed 23½ persons.

This United States study went on to show that agriculture is big business. For example, agriculture is the biggest buyer, seller and borrower in the United States. The farmer buys more trucks than any other industry. The inventory of farm machinery is bigger than the assets of the United States steel industry and five times that of the automobile industry. Agriculture uses more finished steel than the output of passenger cars, consumes more crude petroleum than any other industry and uses more electrical power than Chicago, Detroit, Baltimore or Houston, Texas. I have just quoted this study to show what a big industry farming is.

The government has enacted a lot of good legislation. I do not want to be critical, but I might say that the deficiency payment on eggs and hogs is still a problem for us. I suggest to the department that the deficiency payments on eggs be based on a quarterly and regional basis. I would like to see hogs placed on a six month basis and also on a regional basis. To test the plan, I know that last spring a great many farmers sold their hogs at a very reduced price. The small farmers who had sold their hogs in the spring did not receive any deficiency payments on them. If they had been able to accumulate them on a six month basis, then those who sold a few hogs in the spring would have received deficiency payments on them later.

I should like to mention one matter concerning the last acreage payments. I feel that the regulations set up by the department were too rigid, and that in dealing with them the wheat board was also too rigid. There should be a little more flexibility. I had a few farmers in my area who were ineligible for payment because in a couple of instances they did not hold a 1959 permit book. This was the first permit book they held. These were young farmers. I think particularly of one young farmer in New Norway who had bought land from his father in 1959, and earlier in the year the father had made the mistake of including in his own grain permit book the land he had sold to his son. I did all I could to draw this matter to the attention of the Canadian wheat board. I had letters from the grain agent and some other agents in the town of New Norway. Because this small mistake was made I could not get this younger farmer paid. He needed the acreage payments much more than some of those who had already obtained them. I do hope that the department will take note of those remarks I have made, and I will not take up any more of the time of the committee.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Smallwood: Mr. Chairman, I rise on a question of privilege. When I was speaking before lunch the hon. member for Assiniboia made an interjection and at the time I was not aware of the fact that he was referring to me. He said then that I was "more stupid than usual". I have taken the opportunity

during the adjournment to check the typescript of the debate, and I can now say that the hon. member did make this statement about me. Before we proceed further I must ask the hon. member to withdraw his remarks and apologize.

The Deputy Chairman: Order. I was given to understand that the hon. member had withdrawn the remarks he made or had modified them.

Mr. Smallwood: I understood him to say "stupid". I am no more stupid than any other member. However, I have checked the transcript and I find that he said "more stupid than usual", which is just a little different.

Mr. Martin (Essex East): Mr. Chairman, I do not apologize for taking part in this discussion. It has been suggested by implication at any rate by some hon. members, notably last night by the hon. member for St. Hyacinthe-Bagot, that one has to be a farmer in order to justify participation in matters having to do with agriculture. That is not my conception of the role of a member of parliament, and I think that last night the hon. member for Maisonneuve-Rosemont clearly established what I believe to be the duty of all members of parliament. Our duty, as I see it, is to be concerned about all aspects of the problems that face the Canadian people, whether they live in the rural or urban parts of our country. In any event, as one hon. member of this house who represents a large number of farmers I feel it is my duty to make some comments today. I would remind hon. members, who sometimes find my participation in the discussion of agriculture unusual, that it is a matter of historical record that one of the first, if not the first, speeches I ever made in the house had to do with certain phases of agriculture as they affected the constituency I have the honour to represent in this chamber.

The Minister of Labour—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): I can understand hon. members finding some amusement because my confrontations with the Minister of Labour are more frequent than with the Minister of Agriculture. The latter, in the opening statement he made on the presentation of his estimates, sought to create the impression that the revenue position of the farmers of Canada since he became Minister of Agriculture one or two months ago has considerably improved and that during the past year farmers have been better off than in the previous year and relatively better off than at any time during the past 12 years.

This misconception which was afforded by the speech of the Minister of Agriculture has been repeated in the province of Ontario and undoubtedly it will be hard to catch up with. I propose for a few moments this afternoon to deal at least in part with this particular aspect of the problem that concerns us at the present time. The fact is that the farmers of Canada are not as well off today as the Minister of Agriculture sought to portray. I note that when he spoke in Saskatoon the other day he presented a picture of moderate optimism as to the outlook for agriculture on the prairies. He did not give that impression in the house when he spoke in introducing his estimates. He argued that there had been a rise in the net agricultural income across the board. He did not differentiate between one section of Canada and another. I am sure, for instance, that when he made that speech he did not take into account the summary of statistics, dated February, 1961, presented to the standing committee on agriculture and colonization by an official of his department. On page 7 of the report, which was prepared by Mr. Gordon Haase, the following is to be noted:

> The behaviour of certain farm prices was examined . . . and the results of these price movements can be interpreted in terms of their final effects upon total farm income and expenses.

At the conclusion on page 8 the author observes:

> It should also be noted that this changing relationship of farm income and expense has had different effects in each province reflecting the particular types of farming that are practised.

In examining the minister's statement I think it is important that we bear in mind certain facts and among them is the fact that Canada's gross national product in current dollars increased from $16.3 billion in 1949 to $34.6 billion in 1959 and to an estimated $35.5 billion or thereabouts in 1960. With this as a background I should like to observe that while productivity in agriculture has risen rapidly, prices for farm products have not increased in step with increased costs. The report prepared by Mr. Haase for the standing committee on agriculture, and it is well worth examining, clearly establishes this fact. I think we have to examine the problem facing the farmers of our country with the background of present economic conditions in Canada. I cannot believe that any occupational group in any section of Canada can be well off for very long when the general level of economic activity is declining; when there is very serious unemployment and so long as our basic financial monetary exchange, trade and commercial policies are the subject of much criticism throughout the country.

Although changes in agricultural conditions are inevitable, we must be sure that the major changes are not brought about too quickly at a time when unemployment, as at present, is at an unprecedentedly high level. We must realize that there are some social problems facing the farmers which must be solved with sympathy and understanding.

The agricultural revolution of today places many farm people in a comparable position to that brought about by the industrial revolution of the last century. Rather than have these people leave the farms, as some suggest, and move to urban areas where they would add to the numbers of unemployed, it is preferable that they stay on the farms until employment opportunities in the cities increase. That puts a responsibility on the Canadian people as a whole, on this government and on this parliament.

As I see it, it is the responsibility of all Canadians to assure farmers a decent standard of living, and the measures taken toward this goal will be less expensive for the Canadian taxpayer in the long run than having to provide financial assistance to even greater numbers of unemployed people in Canada.

Dealing directly with the matter of the cash income of the Canadian farmer in 1960, I think it is important to bear in mind certain statistics that were not dealt with by the Minister of Agriculture. An examination of the statistics produced by his department through the economics research division of the Department of Agriculture reveals that the cash income from farm products declined in 1960 to $2,784 million, from $2,789 million in 1959, and $2,795 million in 1958. What the minister has done in the figures that he has given to the committee to show the alleged rise in net farm income has been to exclude from his calculations transfer payments that have been made under various measures passed in this house providing assistance in one form or another to the farmers of Canada.

Supplementary payments to farmers in 1960, it should not be forgotten, amounted to $77 million. These payments were made under the Prairie Farm Assistance Act, western grain producers acreage plan, the federal-provincial emergency unthreshed grain assistance policy and other measures. In 1959 the total supplementary payments amounted to $22 million only, most of which was received under the provisions of the Prairie Farm Assistance Act. So there has been an increase in 1960 of $55 million in transfer payments to the agricultural sector of the economy. These transfer payments, representing an increase of $55 million, were overlooked by the minister and must be calculated in determining the net farm income position of the Canadian farmer. In spite of this increase of $55 million in supplementary payments, the realized gross income of farmers rose by only $53 million, from $3,155 million in 1959 to $3,209 million in 1960.

This means that if one discounts the increase in government transfer payments the farmers' gross income declined in 1960 and did not increase as the Minister of Agriculture suggested to this committee and to the people of Canada. This statement is borne out by the dominion bureau of statistics compilation which was given out recently, and particularly the table entitled, "Net Income of Farm Operators from Farming Operations, Canada, by Provinces". This covers such things as cash income from farm products, income in kind, supplementary payments, realized gross income, operating and depreciation charges, realized net income, value of inventory changes, total gross income, and total net income. Hon. members will find this table, which was distributed by the minister or by the Department of Agriculture, of great significance in this regard. For instance, I find in the third paragraph of the commentary attached to this table the following statement, which bears out what I have said about the relationship between transfer payments and the calculation of the net farm income in 1960.

> Supplementary payments to farmers in western Canada in 1960 amounted to approximately 77 million dollars and included payments made under the provisions of the Prairie Farm Assistance Act—

And the various other measures which I have already cited. It goes on to state:

> This is in contrast to 1959 when farmers received approximately 22 million dollars, most of which was received under the provisions of the Prairie Farm Assistance Act.

So, this fact alone puts the enthusiastic statement made by the Minister of Agriculture, whose enthusiasm sometimes permits him to run ahead of his judgment, in proper perspective.

This is not the only fact. Since operating expenses of farmers rose by some $13 million according to the table to which I have already made reference, from $1,880 million in 1959 to $1,893 million in 1960, realized net income rose by only $41 million or about four fifths of the increase in transfer payments to farmers.

Moreover, the table also indicates that inventories on farms increased by $36 million in 1960 as opposed to a decrease of $70 million in 1959. It is indicated that this was due to an increase in grain production over the preceding year and a continuing build-up

of Canada's cattle population. So between 1959 and 1960 inventories accounted for a change of some $106 million.

I draw from all these facts the following conclusion: The total net income in 1960 was approximately $1,352 million. In 1959 it stood at $1,206 million. This was an increase of only $146 million despite the fact that there was a $55 million increase in transfer payments and a change in inventories held on the farms which amounted to $106 million. These two factors would account for a change in the cash income of some $160 million. Despite these facts—and notwithstanding what the Minister of Agriculture said, and notwithstanding what the propaganda agencies of the Department of Agriculture indicated —the net income rose by less than $146 million so that the underlying economic position of the agricultural community, after allowing for an increase in transfer payments and a change in inventories, deteriorated in 1960.

That is in direct contradiction to what the Minister of Agriculture told this House of Commons. The government can take no credit for the increase in the yield of wheat or the continuing increase in the number of cattle which is the major factor in the change in the farmers' net income position. This was not the result of government policy. I am sure that even the Minister of Agriculture would say that these were factors that went far beyond the reach of government action. This government has nothing that warrants being called an agricultural policy. The increase in transfer payments which took place was the result of abnormal conditions that existed on the prairies during the last year; I refer, for instance, to such things as the early snowfall that caught the wheat unharvested in the fields.

Furthermore, a cursory look at the regional distribution of net income from farm operations reveals, I believe, a complete lack of a national agricultural policy. Yet I have in my hand here a document with a large blue streak across the top on a white background, addressed to certain people who are meeting in Ottawa at the present time for some undisclosed purpose. If one examines that document, one will find that this government has, according to its own impression, a clear-cut agricultural policy designed to meet not only the long term aspect of the problem but the short term aspect of it as well.

Mr. Churchill: That is a first-class document.

Mr. Martin (Essex East): My hon. friend says it is a first-class document. He is right if one interprets that statement in the proper sense. It is a first-class Madison avenue product. That is what it is. All the propaganda of the government engineered by the arch-propagandist of the government, namely the Minister of Agriculture, is not going to convince the Canadian farmer that his position under this government is greatly improved over what it was when this government took office. The fact is that farm net income declined in British Columbia, Alberta, Manitoba and Quebec. The increase of over $100 million in Saskatchewan resulted from a good wheat crop and the increased transfer payments to western farmers. The increase in Ontario was largely accounted for by the increase in the inventory of cattle held on the farm. When the minister deals with the various submissions that have been made during the course of discussion on the first item, I hope he will address himself to the figures which I have produced and which come from his own publications. I challenge him now, in the face of these figures, to deny the picture which I have presented of the actual income position of the farmers of Canada at the present time.

The minister is a man of great enthusiasm and for that quality he is to be admired and congratulated. But when a man is administering a large department of government, he should not allow his enthusiasm in any way to discolour his judgment or to interfere with his capacity for good judgment. He must see things as they are and not as he would like them to be. A good case in point to illustrate what I have in mind is a statement made by the Minister of Agriculture two weeks ago when he said:

> The action taken by the government last year in placing hog support on a deficiency payment basis has had the anticipated effect of eliminating the previous surplus production and greatly improving hog prices.

That was a statement by the Minister of of Agriculture. I do not think that statement can stand any test of real validity. However, the minister is entitled to make an argument. Nevertheless, I suggest that no department of the government of Canada is warranted in using its agencies for the purpose of spreading political propaganda.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): I have before me the statement that came from the information division of the Canadian Department of Agriculture repeating precisely the words of the minister. I now quote what that information division says:

> —the action taken by the government in placing hog support on a deficiency payment basis has had the anticipated effect of eliminating the previous surplus production and greatly improving hog prices.

That is a complete reproduction of a political statement that was made by the Minister

of Agriculture. The information division of that department or of any other department has no right to use its services, which are paid for by the taxpayers of Canada, in order to try to put forward the government's answer to suggestions made in the House of Commons concerning the application of aspects of its agricultural policy. Lest anyone think that I am giving an argument that is specious, I have before me the *Farmer's Advocate* of February 25, 1961. Here is what it says:

As you can see the two statements—

That is the one by the information division and the one by the Minister of Agriculture.

—are identical. Is the information division—

The editor asks this question.

—becoming an agency for repeating party propaganda? Surely the task of the information division is to inform not to repeat political overstatements.

And an overstatement it is.

So says the editor. He continues:

Anyone who believes hog prices are now high solely because of the new deficiency payment system of price support is living in his own little dream world. Deficiency payments for hogs were instituted mainly to get the government out of the hog business (their storages were full at the time).

The reason hog prices are good now is because a good many farmers have no hogs to sell. The reason they have no hogs to sell is because they lost their shirts when prices dipped so low a little more than a year ago.

No wonder the editor concludes his observations by saying this:

And let's keep politics out of the government information bureau.

I now make this suggestion to the Minister of Agriculture. He is beginning the administration of an important department. We all wish him well in the discharge of that function. However, he will not do the cause of agriculture much good by failing to make a distinction between his functions as a politician and his functions as Minister of Agriculture.

Mr. Aiken: He will never come up to your record.

Mr. Martin (Essex East): I think that is true. The only difference between the Minister of Agriculture and me is that I am simply an ordinary private member of the House of Commons and the man to whom my remarks are addressed holds an extremely important post as a minister of the crown. He has been in that office only a short time and I believe he will be there for only a short time. Mr. Chairman, no one will deny that our country is faced with a recession. This we have been experiencing for a short time. Now this recession, which began in the second quarter of 1960, is commencing to show its impact on prices received for farm products. The ability of our economy to recover is impeded by the level of the income earned in the farm sector. Thus, both the farm and the non-farm segments of our economy have a vested interest in seeing to it that farmers are better compensated than they are at the present time.

This government was going to remove the cost-price squeeze in which farmers find themselves. In fairness to the present minister I will say that he has not yet made the extravagant claim made by his predecessor, namely that the present administration had removed the difficulties of the cost-price squeeze. However, I suspect that one must not allow the Minister of Agriculture to fall into the same error as that into which his predecessor fell.

Let us look into this business of the cost-price squeeze, something which greatly concerns the farmers as we know from the representations made in the briefs presented to this government by the national farmers union and the federation of agriculture, and about which not one word was said by the Minister of Agriculture when he introduced his estimates a week or two ago. Some insight into the deterioration of the farmers' financial position can be gained by referring to the following statistics which I obtained from the minister's own figures. I refer, first of all, to the index number of farm prices for the three years 1958, 1959 and 1960. The index number of farm prices in 1958 was 245.5. In 1959, it was 243.1 and in 1960, 236.6. Comparing the figures for those three years with the prices of commodities and services used by farmers in the same period, including farm living costs, we find the following: 242.7, 249.8, 253.6. The result is that the index of farm prices declined by 3.6 per cent between 1958 and 1960 while, on the other hand, the price of commodities used by farmers increased by 4.5 per cent. This is what is meant when the farmer says he is caught in the cost-price squeeze.

The Minister of Agriculture must address himself to this aspect of our presentation because one of the contentions made by the government when it introduced the Agricultural Stabilization Act through the instrumentality of the former minister of agriculture, and one of the assurances given by members sitting on the treasury benches, was that they were going to eliminate this situation which confronts the Canadian farmers. The figures which I have just quoted fairly establish the extent to which the government has been able to meet this problem. In the light of this deterioration in the position of the Canadian farmer, what

should be the objectives of the federal government's agricultural policy? I ask the minister that question.

In his speech in Saskatoon the other day he told the Saskatchewan association of rural municipalities convention that the government had a long term program. He referred to the resolution which he had introduced in this house with regard to land use, and spoke of the potentially great benefits which could flow from such a reform measure. While that may be true in principle, that is not what the government said it was going to do. It was not going to deal with the long term situation; it was going to embark on policies designed to meet the present plight of the Canadian farmer. Moreover, when the minister talked of this land use program he neglected to mention the foundation of that program which does not reside with this government. The basis of the bill which will ultimately be presented to this house, lies in the work of a committee sitting in the other place, as well as the representations which were made on at least two occasions by the federation of agriculture, these representations went so far as to provide the minister with a model bill, suitable for introduction, in respect of the development of agricultural land in our country in a productive way so as to enhance the income position of Canadian farmers.

But this measure, which is not even to be passed this session according to the announcement made by the minister when he introduced the resolution, can hardly be referred to as representing an agricultural policy. Certainly, it is not designed to meet the present plight of the Canadian farmer. I use the word "plight" advisedly, because if there was a plight when hon. gentlemen came into office the income position of farmers in Canada in 1960, 1959 and 1958 clearly establishes that there has been no improvement whatever in their situation. The minister cannot hope to give the impression in the country that because the government has this land use program in mind, such a program can serve as a substitute or as a means of covering up the lack now of a real agricultural policy for Canada. There is no such thing at the moment, notwithstanding what the minister may claim. There has been no over-all agricultural policy yet presented by this government to parliament which warrants the use of the phrase "over-all policy". Some of the objectives which such a policy might have were admirably stated by the present government when the Agricultural Stabilization Act was introduced. It is well for us to remember the general intentions which the government had in mind when it introduced that measure. In the preamble to that act we find the following:

> Whereas it is expedient to enact a measure for the purpose of stabilizing the prices of agricultural commodities in order to assist the industry of agriculture to realize fair returns for its labour and investment, and to maintain a fair relationship between prices received by farmers and the costs of the goods and services that they buy, thus to provide farmers with a fair share of the national income—

As a statement of intention, that is an admirable statement, but the Minister of Agriculture is not going to persuade us that anything he has told this committee so far is in keeping with that objective or those intentions.

The Deputy Chairman: Order. I have to advise the hon. gentleman that his time has expired.

Mr. Hamilton (Qu'Appelle): My estimates were introduced almost a month ago, and during that period I have been wondering just what the number two man in the Liberal opposition would have to say about them. All I can say at this time is that it is a good thing the bureau of statistics published this little pamphlet the other day to provide the hon. gentleman with a speech. There are a lot of things which can be done with figures, and I must congratulate the hon. member for Essex East on the efforts he has made this afternoon.

Before I go on to deal with some of the remarks he made, I should like to open my statement by expressing congratulations on behalf, I think, of all of us, to the hon. member for Maisonneuve-Rosemont who spoke last evening. I have been in this house for only a short time but one of the things which has struck me about the speeches made by representatives of the official opposition has been not only their lack of constructive criticism but also, and more alarmingly, their complete lack of awareness of the seriousness and complexity of the present farm problem. The hon. member for Maisonneuve-Rosemont is a city member and does not pretend to be an expert on agriculture. Nevertheless, in his speech last night I found at least some evidence that someone in the official opposition was doing some thinking and trying to grope his way forward in the situation we have in Canada today. I believe the thanks of all Canadians should go to the hon. member.

Having said that I should now like to deal with the remarks of the number two man in the Liberal opposition who just resumed his seat. The figures quoted by the hon. member for Essex East were an attempt, in his usual facetious manner, to challenge the figures I gave when I introduced my estimates. In referring to my introductory remarks the hon.

member used such clear dramatic terms as "misconception" and said that I did not consider regions or commodities. The hon. gentleman said his figures were a direct contradiction of what I had said in the committee. These are abrupt and dramatic terms.

Let us take a look at the record and get out of the ether in which the hon. gentleman circulates. Let us examine what I did say. The hon. member said I did not consider the matter on the basis of region by region or commodity by commodity. I wish to direct the hon. member's attention to page 2406 of *Hansard* of February 24, 1961 where I am reported as having used these words:

> I think it is necessary for me to point out that when one analyses the farm income of this country product by product and region by region, it soon becomes clear that the most variable area is the prairie province area.

I have said many times that the more one studies the statistics of farm income across Canada the more one realizes that there is inequality between regions and between commodities. This is one of the difficulties associated with being in a department where efforts are being made at long last to try to bring some stability to the industry.

Another remark made by the hon. member was that in my figures I had overlooked the transfer payments made by the government. I would direct the hon. member's attention and the attention of the committee to page 2405 of *Hansard* of February 24 where my introductory remarks appear. I quote now the eighth or ninth line from the top of the righthand column:

> These figures give total cash income, which does include supplementary payments by the federal government.

I then went on to point out that this increased income was due to two factors, first the efforts of the government and, second, the efforts of the farmer himself. I also did something which the hon. member chooses to overlook. I gave the figures for the decline in the number of farmers in Canada for the last ten years. I could easily obtain these figures for the last 25 years.

This situation reflects the effort of the farmer to attempt to adjust himself to a revolution in agriculture both in terms of machinery and technology. As the farmer fights to make this adjustment the result is less farmers and more money per farmer. If you divide the fewer farmers into the greater amount of money naturally you get a greater income per farm.

I do not intend ever to boast about the fact that in the last three years there has been some little increase in farm income because I, probably as well as any hon. member of the committee, know how far behind the farmer is in relation to comparable groups in the economy.

When I introduced my estimates I gave some indication of these small gains in the last three years. I do not think any hon. member of the opposition can escape the fact that in each of the last three years the farm industry of this country has received, on the average, $351 million more than was received in the previous four years. I do not think that any hon. gentleman in the opposition can get away from the fact that the average income per farm in the years 1953-57 was approximately $4,300 and in the last three years it has been running at better than $5,200. Using fairly accurate figures that represents an increase of $900.

Mr. Martin (Essex East): What about the cost of production?

Mr. Hamilton (Qu'Appelle): The hon. member interjects "What about the cost of production?" Let me come to that point in respect of net income. I was honest with the committee, Mr. Chairman. Not only did I compare gross income over the whole farm industry but I also compared the gross income farm by farm. I then went on to compare what really counts, what is left over after you deduct the expenses.

In my opening remarks on February 24, I said that the efforts of the government were to some extent being nullified by the increasing costs. The hon. member for Essex East quoted figures from indices of prices. Prices have gone up in the last few years. What the hon. member overlooked is that there are on this side of this committee a few of us who remember that these indices start from 100. When did they get to this figure of 242? I invite hon. members of the committee to ask themselves that question. Go back over the last 25 years and examine the rise in costs, then look at the rise in costs in the last three years.

I do not want to get into debate at this stage of the consideration of my estimates, but let us examine the cause of this situation. A part of this question has been sent to a standing committee for consideration. I simply say to the hon. member for Essex East that he must think, with his completely old-fashioned Liberal arrogance that all wisdom rests with the party that thought it had divine right to rule. The hon. member must not think that the rest of us have no brains nor should he continue to think that what is good for the Liberal party is good for Canada.

Mr. Martin (Essex East): Hear, hear.

Mr. Hamilton (Qu'Appelle): This is an old-fashioned dogma concerning which the Canadian people made their opinion clear in 1957 and even more clear in 1958.

Mr. McDonald: Egotism unlimited.

Mr. Hamilton (Qu'Appelle): I wish to tell my hon. friends in the Liberal party that they must not be guilty of thinking that the people have forgotten why the Liberals were thrown out of office in 1957. If my hon. friends ever want to return to the right of the Speaker in this chamber they will have to realize that they must learn humility. When I look at the speeches made by hon. members of the official opposition, both inside and outside this chamber, I can readily see that those hon. members are a long way from having acquired the humility and broadmindedness that one would expect would be learned by an opposition. Judging from the progress they have made in acquiring humility I suspect it will take them a dozen or 15 years to learn this characteristic. There will have to spring up in the Liberal ranks a new group that will blow out the dust from the attic of the Liberal party.

Mr. Martin (Essex East): Let us talk about agriculture.

Mr. Hamilton (Qu'Appelle): I will admit that there are hopeful signs of the type to which I referred. I thought I detected a hopeful sign in the speech made by the hon. member for Maisonneuve-Rosemont. I assume that there may be some hope to be found among these younger men.

The hon. member for Essex East says, "Let us talk about agriculture." I should like to touch upon a few points dealt with in the remarks made by the number one man of the official opposition in terms of agriculture, the hon. member for Drummond-Arthabaska, who is the official agricultural critic of the Liberal party.

Mr. McDonald: A real expert.

Mr. Hamilton (Qu'Appelle): I wonder how long the hon. gentleman will have to reside in Canada before he comes to the realization that the people of western Canada fought a long time for the Canadian wheat board. They are very proud of it. It is their board and they feel they have the right to criticize it. But when the official spokesman of the Liberal party on agriculture stands up in this chamber, as the hon. member did, and unjustly criticizes the wheat board, there will be an answer some day.

(Translation):

Mr. Boulanger: Mr. Chairman, I rise on a point of order. Following the statement just made by the Minister of Agriculture, I must say that I have never spoken against the Canadian wheat board. Let the minister read again my statement. If he did not understand my remarks in French, he should read the English translation and he will see that I did not speak against the Canadian wheat board. If he prefers that I repeat what I said, I am willing to do so right now.

Mr. Fortin: We have some difficulty ourselves in understanding your French.

(Text):

Mr. Brassard (Lapointe): He is just political.

Mr. Hamilton (Qu'Appelle): I think the hon. member's point is well taken. When I accused him of attacking the wheat board I should have produced evidence of his having done so. I am having the English translation of the hon. member's speech looked up and I will give the hon. member the gist of it.

Mr. Martin (Essex East): The minister had better wait until he gets the text.

Mr. Hamilton (Qu'Appelle): The hon. member said that last fall the producers in eastern Canada were not able to get western oats.

Mr. Martin (Essex East): On a point of order, when one hon. gentleman denies a statement, the hon. member who makes the charge is in duty bound to accept the word of the hon. member. The Minister of Agriculture had an opportunity to refer to the text, but what he is doing now is paraphrasing—again misleading the committee—what the hon. member said, and he knows that is contrary to our rules.

Mr. Hamilton (Qu'Appelle): I have been able to get a copy of his speech and I shall read some extracts from the remarks of the hon. member. This is the type of thing that we have in the translation; I am not responsible for that:

> What do they want to say? After the results achieved in farming in the last four years, the remarks of the new Minister of Agriculture today should amount to more than so much hot air.

Then, he went on to say:

> I would now like to address myself to the situation of feed grain deliveries in the eastern areas during the summer, until the closing of navigation. We learned in the newspapers that from August to the end of the navigation season, in the harbours of Montreal, Quebec city, Baie Comeau and others, a number of ships were waiting in line for two, three and even four weeks in front of elevators full of grain, particularly wheat for export. Those ships could not unload their cargoes, and there was no feed grain on the eastern markets.
>
> In the meantime, our farmers were having all sorts of difficulties in getting supplies, and when they could get them they had to pay a high premium. Now, this shortage of feed grain on the eastern markets, was due to a decision of the Canadian wheat board to ship only export

grades to eastern ports. Incredible losses of the order of $1,000 to $3,000 were daily suffered by ship owners, not to mention the loss suffered by farmers who saw their operating costs increase on account of the higher prices they had to pay for their feed grain.

Mr. Martin (Essex East): This certainly does not support what the minister has been saying.

Mr. Hamilton (Qu'Appelle): There you have it, the number two expert backs up the number one expert on this statement.

Mr. Martin (Essex East): On a point of order, the hon. gentleman is transgressing the rules of the house. He is now saying that I, too, have taken a position which supports his view as to what was said. In the statement that he has read he has clearly established that the hon. member for Drummond-Arthabaska did not take issue with the institution of the wheat board, and the play upon words by the Minister of Agriculture is such that the Chair must call the minister to order.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): If I may be allowed to continue, in the face of the tremendous strength behind the ministry, I would say that the minister has no warrant whatsoever for saying that the words he has quoted justify the conclusion that the hon. member drew. The hon. member for Drummond-Arthabaska was seeking to explain a particular situation, and he was not attacking the wheat board. The Minister of Agriculture knows that full well.

The Deputy Chairman: I think it is a matter of interpretation of words. Both hon. members have made their points clear. Will the minister continue with his remarks.

Mr. Hamilton (Qu'Appelle): I gather from your ruling, sir, that I am to be allowed to answer the point originally raised by the hon. member for Drummond-Arthabaska.

Mr. Martin (Essex East): Provided that the minister keeps within the rules.

Mr. McDonald: He is doing it; he is one of the few who do.

Mr. Hamilton (Qu'Appelle): One thing I have learned in my short experience in the house is that you never know you have reached rock bottom until you see the suckers jump and squirm.

The statement I was objecting to was this:

Now, this shortage of feed grain on the eastern markets, was due to a decision of the Canadian wheat board to ship only export grades to eastern ports.

First of all, let me make it clear that the Canadian wheat board brings grain only to

Fort William and Port Arthur. The grain east of Fort William and Port Arthur is handled by the private grain trade and the big co-operatives in Quebec. If the big co-operatives in the province of Quebec and the private grain trade want to buy oats, they put an order in at Fort William and Port Arthur and it is moved east by the buyers. What actually happened last year was that the private grain trade and the co-operatives did not order in time to meet their commitments. As we were moving grain through to take advantage of the market that occurred for durum wheat in Italy, they brought their orders forward and it was impossible to fill them. As a result there was a delay of one or two weeks. The minute those orders were brought forward, we cleaned out the elevators and put in the grain.

This is not the only statement the hon. member made. I am still using the translation at the back of *Hansard* of February 24, where the following appears:

Because of the lack of interest shown by the Canadian wheat board and the government, the eastern farmers will have to pay $300 more per carload for moving their grain than it would have cost them if that grain had been moved by ship at the proper time.

If this is not an attack on the wheat board, backed up by the number two man, the hon. member for Essex East, I do not know what it is.

The hon. member for Essex East asked me to speak about agriculture. I should like to say something that is reasonably positive in regard to this point because I know the situation in which the eastern farmers found themselves. I know how they were gouged by the dealers because of that temporary shortage. I have asked the wheat pools of the west to join with the Canadian wheat board in holding a meeting with the private grain trade and the big co-operatives of the east to see whether we cannot go out and show the eastern farmers that if they buy their oats in bulk in plenty of time in August or September for next year's supply—this is the time when they know what their own crops will be and what the supply picture will be in western Canada—they can save 10 cents a bushel. In other words, instead of paying 96 cents they will pay 85 cents if they buy in advance. This difference will pay for their storage. I should like to see a positive type of program which will benefit not only the eastern but the western farmer at the same time. The western farmer will get the same price and the eastern farmer will get his grain at least 10 cents a bushel cheaper. This is the type of positive proposal that I should like to put forward to meet this situation.

My time is about up, and I wish to conclude with this one observation. The hon. member

for Essex East keeps pontificating with the remark, taken entirely from his own imagination, that the agricultural program will not be passed this session.

Mr. Martin (Essex East): The minister said so.

Mr. Hamilton (Qu'Appelle): This indicates how clearly and slowly I must speak so that the number two expert of the Liberal party will understand. I asked the house for permission, after I get first reading, to stand the bill over for a period to allow me to consult with the farm organizations and the 10 provincial governments to see whether the bill would meet what they think would be best for all concerned. The hon. member makes a big play over the fact that I have asked that the legislation be held over until I can consult those organizations. I know from past experience that the previous administration never thought of consulting anybody, and that includes the farm organizations. They thought that they were destined to rule by divine right and were unconscious of the needs of farmers. They did not even bother to ask for the opinions of these organizations at all. We like to discuss some of these problems with farm organizations and with other governments. But this is a difference in philosophy which comes only through the humility of long years in opposition, which I hope the opposition will achieve some day.

Mr. Martin (Essex East): I do not want to do an injustice to my hon. friend. If I have misinterpreted my hon. friend's intention respecting this legislation—and his words were open to that interpretation—I want to correct it. The federation of agriculture apparently thought likewise. Has the bill been referred to every provincial government and to every farm organization? When may we expect the reintroduction of the measure, and can the minister definitely say it will be introduced this session?

Mr. Hamilton (Qu'Appelle): The resolution has been introduced; it has been debated in the house. The bill has not had first reading and, therefore, obviously I could not show it to the governments or to the farm organizations. The resolution is before the house. When first reading has been given to the bill I will be in a position to take it up with the provincial governments and farm organizations.

I want to conclude with the answer to a question I have heard repeated over and over again by the official opposition and, unfortunately, by the hon. member for Maisonneuve-Rosemont last night. I suppose if you hear something repeated often enough it almost becomes the truth, but the fact is that back in 1958 after several months of hard work we came forward in the house with a national agricultural policy which the Prime Minister announced on August 30 of that year. We have been following that policy step by step ever since. We have brought legislation forward, put it on the statute books, set up the machinery and have been trying to work out the troubles that arise in the case of any legislation which produced those results which I have already outlined.

I should like to outline to hon. members just what that agriculture policy is. First and foremost, with 30 per cent of our agricultural production going into the export market we have to sell and sell. The hon. member for Essex East has difficulty understanding why, even though there has been a slight decline in prices during the last few years, the farmers are getting more money. One reason is that we are selling more units of these particular articles. I point this out because my colleague, the former minister of trade and commerce and now Minister of Veterans Affairs, caused many very competent farm leaders to scoff when he predicted in 1957 that he would go out and sell 300 million bushels of wheat a year. In the three years since, I think the average has been about 297 million compared with an average of 272 million over the previous ten years or the previous four years.

When I took over the portfolio of agriculture, and also responsibility for the wheat board, I set myself the same objective. I can now tell hon. members that not only is the figure of 300 million, which was set as a target by my colleague, going to be achieved in this crop year but, it will be met for a four year average. A lot more is going to be achieved by way of sales.

I do not want to repeat at this time what I said in Saskatoon on Wednesday when dealing with the outlook for agricultural products in western Canada but every farmer in eastern Canada knows it is in his interests that western farmers, who have to sell mainly in export markets, should be able to sell their products in order to keep the pressure off the eastern farmer in his home markets. I think there is no question of a clash between the two. It is a question of realizing their points of "complementarity".

Let me go on to the next point. I am not going to say that cash advances are a fundamental point of our policy. They were very useful in that they gave the farmer a chance to obtain an advance on the wheat he had produced until it could be sold. It does not cost the farmer anything and it helps to stabilize the economy from the point of view of income.

The first big item of the national agricultural program was the Agricultural Stabilization Act. It has been in effect now for three years and so far as the nine mandatory products and eight named products are concerned I think in most cases it is working fairly well. In my opinion prices have been stabilized and we are using the legislation wherever we can to raise prices slightly. We have had great difficulties, of course, with hogs and eggs and the technique we had to use over a year ago of changing from a purchase system to one of deficiency payments can only be described as Draconian. It was a very difficult decision to have to make. I think my predecessor as minister of agriculture, now Minister of National Defence, deserves the thanks of the people of Canada for having the courage to make that decision. It has enabled us to get rid of the very burdensome surpluses and to stabilize prices. I think we can go on now to the next step of looking at the legislation so far as hogs and eggs are concerned very carefully and seeing if we cannot make improvements that will achieve the objectives of the government, namely, the stabilizing of prices and also the bringing about of increased returns for those products sold within Canada. This may mean possible amendments to the act. I have asked the advisory committee to the stabilization board to look at two or three of these proposals this year so that next winter we can make up our minds finally as to what we are going to do about these two products.

I would think that all farmers in Canada will support the principles of the act and will support any government that is willing to be open-minded, look at the facts as they are and see what it can do to make the act work. I do not have to tell the farm members of the house what a difference there is today. When you go to bed at night on the farm you know that if there is a sudden drop in world or domestic prices of the products you are producing you are not going to lose everything. There is a mandatory floor on the mandatory products and there are forward or support prices on all the products. It is a good act and I think we can make it work.

The next point in the national agricultural program is that enabling crop insurance legislation. At the present time only one province has a plan in operation but five other provinces are now working on plans. Active consideration is being given by us to at least two such plans. I predict that many of our specialty crops, and certainly our great cereal crops, will be under crop insurance in the very near future. There will be certain areas, of course, which can never come under crop insurance because of their poor production. In other words, if the land is very poor and failures are frequent the rates would be so high that it would be impossible to bring such areas under the plan.

The big gun in the arsenal, of course, is the farm credit plan. If you can stabilize prices, if you can stabilize income, it is easier to work out a plan with the farmer that not only enables him to pay back the amount of money he has borrowed but also increases his income. I should like to remind my hon. friends opposite, without any maliciousness whatever, that when farm credit was under the Department of Finance, which has a different philosophy from the Department of Agriculture, loans to farmers across Canada amounted to approximately $8 million in a typical year. In some years it was lower and in one year the figure rose to $12 million, but $8 million is the figure for a typical year. In the first nine months that the farm credit corporation was operated under the Department of Agriculture loans amounted to $56 million, and by the end of the fiscal year the figure will be close to $60 million. According to the estimate for next year, the amount will be $75 million. When you go from $8 million to $75 million there must be a considerable difference in the philosophy and the difference simply is that the Department of Agriculture is actively and aggressively trying to help the farmers to get a plan that will improve their farm income as well as enable them to pay back their loans.

Mr. Martin (Essex East): And also because there is greater need.

Mr. Hamilton (Qu'Appelle): The need has been there ever since the 30's. We had farm loan acts during the 30's that were good starts but since the war they could not meet the tremendous capital costs required to run a modern, efficient farm. The farm credit corporation is still not perfect. I think there are at least one or two loopholes. There is a weakness in that it does not meet the conditions under which the maritime farmer must operate. There is a weakness in that it does not meet the needs of young lads who have no father to help them and have not got 25 per cent of the assets required. Weaknesses of this type must be apparent. This is the type of constructive criticism that I would welcome from the opposition because I am looking for answers to these problems. The advisory committee to the farm credit corporation, which committee is composed of representatives of farm organizations, is also looking into these problems. I do have some ideas and I would welcome

ideas from anybody because this matter is so important to the farmers that no question of politics should enter into it. It is a matter of a business arrangement. We turn down one out of every four farmers on the ground that they do not meet the requirements.

I see my time is up so I will conclude with one sentence. The other parts of the program involve conservation and of course, the rehabilitation plan. I do think that if you look at every other country of the world you will not find any country that has thought through its agricultural difficulties any better than we have or has come forward with such a coherent and logical plan.

Mr. Pitman: Mr. Chairman, in opening my few remarks I should like to make reference to the suggestion of the Minister of Agriculture that there are certain ways by which parties become humble. If that is true I would suggest that we in this corner have simply gobs of humility which we are very willing to dispense to our friends at the left.

In presenting the views of this group I would be the first to admit that I myself am not a farmer. However, I would suggest that I have spent more time studying conceivable answers to the farmers' problems than on any other subject in the few weeks I have been in this house, and for that reason I do have a considerable amount of sympathy for the Minister of Agriculture. I think it is quite ironic when we turn to the estimates of the Department of Agriculture that we should be expected to look back into the past and expected to look at a sector of the economy which would be expressing something of an age that has gone. Yet, strangely enough, we are very much looking into the future. Although agriculture is becoming less and less the most important segment of our economy the effects of automation, and all the effects of the twentieth century, virtually are having more effect on agriculture than on any other sector of our economy.

In other words, the whole emphasis is that we have more and more production from a fewer number of people. Strangely enough man's output in the field of agriculture has gone up three times more than the output in manufacturing areas. I think this is one of the most serious problems which the Minister of Agriculture faces and suggests the tale of the sorcerer's apprentice who wanted to use the magical powers of his master to direct the broom to carry the water. Unfortunately of course, he could not stop the process and very soon would drown. We are being drowned in much the same way by the surpluses of our agricultural products to the extent that we have now 10 per cent less income going to farmers, according to the Manitoba farmers union, than 10 years ago. We have 10,000 people leaving farms and where do these people go? Today the farms and cities have become more integrated. More and more farmers are sending their sons into the city. Unfortunately, because they have less seniority and are less trained to deal with the new technological age, they find themselves standing outside of the unemployment insurance offices.

A great deal of the difficulty in terms of unemployment relates back to this problem regarding agriculture. Indeed, around every city there are a great many people who are actually subsidizing their farming operation by working in manufacturing areas. You have men who are in a sense doing part-time farming and going into the city, taking a job away from someone else who has no other form of support, and then returning to work the farm. These individuals actually spend the money they earn in the cities in an attempt to keep the farm operating. That is the position to which agriculture has come; a very sorry state indeed in the 1960's.

As one drives through various parts of the country one sees abandoned farms. Certainly, in parts of eastern Ontario more and more farms are being sold for tax arrears. This, in itself, indicates the very sorry state of our agricultural community. I think we have learned that we cannot have a healthy economy in any country without a healthy agricultural economy. We learned this lesson during the 1930's when we found that our manufacturing and secondary industries were in very bad shape simply because we had not kept up our agricultural economy during this period but had let it fall behind in its purchasing power. As a result, the economy began to slow down. Now, the farmer produces even more than he did before. Perhaps because he is less organized or perhaps because he is less concentrated in his displeasure, his problems tend to be ignored. We are still I think concentrating on the wrong aspect of our agricultural problem. We are still concentrating on productivity.

I would suggest to the minister that more emphasis, both in our agricultural economy and in terms of the whole emphasis in the Department of Agriculture, should be upon marketing rather than upon productivity. This very much corresponds to the overemphasis perhaps of the government in other sections of our economy, such as the setting up of the productivity council when we really need a distributing council to distribute the goods of our nation in some just and sensible manner. I would hope that over a period of time we could take a look at some process for bringing these marketing boards together so that we can see the entire pattern of our

agricultural economy. I hope that the emphasis will constantly be placed, by the Department of Agriculture, on a process that will bolster and support all these pressures toward integrating these marketing boards.

I was surprised to find that in 1951, 58 cents of the Canadian dollar spent on agricultural products returned to the farmer and in 1956 only 44 cents of the dollar spent for food went back to the farmer. I think it is unfortunate if this trend continues. We must emphasize the need to have more of the dollar spent by the consumer returned to the hands of the farmer. I would suggest also that more emphasis must be placed on the securing of markets, both in terms of education and in terms of actual policy. I would certainly suggest that this is a great need in this country today. I think historians will find it strange, looking back on the twentieth century, to find that two thirds of the people of the world were going to bed hungry every night—as the hon. member for Greenwood mentions quite often and rightly so—yet surpluses existed in other countries which could not be used. I do not think historians, in looking back at the twentieth century, will say that we could not control our scientists but that we could not combine our surplus of food and the surplus of hunger in other parts of the world. I am sure that they will look with amazement at our agricultural policy in Canada and our attempt to cut down these surplus areas.

I am sure that this agricultural problem is one that must be solved especially in view of the fact that as scientists tell us, we will face difficulty in supporting the number of people that will be living on this earth in the next 50 or 60 years. We have not developed many solutions to these problems, but I am sure that is the aim of us all. I would certainly accept the fact that the Minister of Agriculture is attempting to find solutions. It certainly is the aim of the group in this corner to find a means of assuring that the farmers will receive their a fair share of the national income. Perhaps we might disagree as to what a fair share is, but they should receive a fair share of the national income. This share must be determined having regard to the family farm. I think the farmer has a right to expect that the economic unit which he respects will receive respect also from the government.

The only way we can really deal with this difficulty is to attack it directly with this in mind. I am convinced that the many direct plans, such as the resolution the minister has introduced to this house, are all to the good but at the present time price represents the main problem. It seems to me that transfer payments could be made to farmers with a greater degree of efficiency than by simply allowing the farmer to go to the city to collect unemployment insurance, while at the same time he is unable to pay his taxes. He is, in effect, taking his portion of this $2 million being payed to the unemployed in Canada. Surely, some system of deficiency payment based on the cost of production and the number of units of production on a farm, no matter what the farm is producing, could be devised. That is perhaps the fairest and most efficient way of transferring this money so that it will bolster the farm economy.

I view with considerable interest the fact that the Minister of Agriculture has been travelling about the country and that also he has enlarged his public relations division in the Department of Agriculture. I think this is extremely important too. But I hope he is just not going around talking to farmers. I think the main problem which the Department of Agriculture must overcome is the rather mistaken belief that support prices, subsidies and deficiency payments are some form of glorious charity on the part of the rest of the people of Canada to the people who are seemingly unfortunate enough to be farmers. It appears that no one seems to recognize that tariffs and the cost of transportation into mining or forest areas are also out of the public purse and indeed right out of the pockets of the people of Canada, and that this cost is also a subsidy, although I wish we could get rid of that word entirely when we come to talk about means of bolstering the various sectors in our economy. But I think we need a full scale public relations job done to convince the people of Canada that although the number of farmers is becoming smaller, none the less they should receive as much concern and as much monetary support as do the other parts of our economy.

I think that surely more than anything else we have to find methods of distributing this large farm surplus we have on our hands. We have heard that the Department of Agriculture is determined to help the unemployment situation by distributing some of these farm surpluses to those who are unemployed. I sincerely hope that this will be done immediately. I hope that some sort of food stamp plan can be initiated in order to help the unemployed not three years from now, not six months from now, but in the very near future.

I would also suggest that the Department of Agriculture make every effort to enlarge the amount of food that is being given to other nations of the world. In that way the Department of Agriculture could greatly support the Department of External Affairs and extend its influence in world affairs. This would be to our advantage, because as the

other countries of the world become more and more able to buy, they will buy wheat instead of rice. They will be able to buy the high quality and high grade products which Canada produces in such large surplus. I can only hope that the Minister of Agriculture is using his influence to ensure that the tariff policies will not be to the detriment of the agriculture community. We listened with interest to the Minister of Finance when he told us that the legislation is not going to change the tariff policies of the Canadian nation. I hope not because if they are changed, and if we have a high tariff policy the people who will suffer, if they are not suffering sufficiently now, will be the farmers.

I hope the Minister of Agriculture will make every effort to make sure that the Canadian producer captures as much as possible of the domestic market. The Minister of Trade and Commerce has said a great deal about buying Canadian. I think this matter is just as important in the area of agriculture as it is in the area of secondary manufacturing. Perhaps it would help a great deal if agricultural products could be stamped or by some means identified as Canadian. I would hope that the Minister of Agriculture would solve this problem of identification of Canadian products so that people walking into a store will know that these food products are Canadian and will be able to encourage their local supermarket or grocery store to buy food products which will support Canadian farmers.

While there are a number of special areas in which the minister certainly will be taking an interest, the dairy farmers of Ontario have a number of problems to face. The farmers that I meet are particularly concerned about the fact that they sell their milk to the producer on the basis of manufactured milk prices and then find that this milk is used in various other areas which, of course, results in far greater profits to those who are manufacturing the milk. If this is untrue, I should be very happy to take this information back to my constituents. Unfortunately, this is certainly the feeling of those who are engaged in dairy farming in my particular part of Ontario. I am informed this is one of the reasons for the huge butter surplus, namely that the milk producers are using surplus milk in order to produce butter. Indeed, there is some fear on the part of these farmers that this prospective drop of 10 cents in the price of butter will have a serious effect on dairy farming in this particular area.

I was particularly shocked at the suggestion by one of the hon. members to the left that there should be two ministers of agriculture, one for the west and one for the east. It would seem to me, Mr. Chairman, if I may make the suggestion, that what is needed more and more is greater integration of the problems of the western farmer and the eastern farmer. Heaven help us, let us not have two department's going off on separate tangents, neither taking into their complete consideration the problems of the other sector of the economy.

The farmers in eastern Canada I think are as much concerned as are the farmers in western Canada with regard to the weakening of the wheat board. The fear is, of course, that the cheaper grades of wheat will be fed to poultry and hogs in western Canada and this procedure will undercut the production in eastern Canada. That is a serious fear on the part of the farmers I have met. I sincerely hope that the minister will do everything in his power to make sure that these fears are unfounded and that the wheat board will continue to market wheat in an orderly fashion as has been done in the past in this nation.

We shall view with great interest indications that the Department of Agriculture will take a new and dynamic approach to the agricultural problems of this nation. We were heartened by the fact that the minister is concerned that farm prices will go up in the next ten years. May we only suggest that the time is now; that he might take the suggestion of the Department of Labour and adopt a do-it-now-attitude toward this problem, and that a far more dynamic approach might be taken towards giving our agricultural economy a healthy and prosperous basis on which to operate over the next number of years.

Mr. Hicks: Mr. Chairman, I should like to take a few minutes to discuss the grant of $26,000 to the Agricultural Institute of Canada. I am one of the original members of this institute and am also fortunate in having a lifetime membership. I believe my hon. friend from Kootenay West is also a member of this institution and I know there are others in the House of Commons. This institute was organized in 1920. It was first called the Canadian society of technical agriculturalists. However, some few years ago the name was changed to that of Agricultural Institute of Canada. The figures that I obtained the other day indicate that the membership totals 3,065. These members are mostly graduates in agriculture from recognized universities. Members hold top scientific agricultural positions throughout Canada. I want to say that I know of no other group in the Dominion of Canada who are more dedicated to their work and to the advancement of agriculture than are the scientific agriculturists of Canada.

Our own deputy minister is a member of this society. The head offices are on Gloucester street. There are 32 branches of the institute: five in British Columbia, four in Alberta, six in Saskatchewan, three in Manitoba, seven in Ontario, three in Quebec and one in each of the other provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. There is a national council, a president, a president-elect and a vice president; there is an honorary secretary and a director from each province helping to run the business, and there are nine affiliated societies. Thus members can see that there are very few areas of a scientific agricultural nature which are not covered by this institution.

In what we term the hungry thirties this institute was operating, but with very little cash, and at that time the federal government gave grants to pay for the printing of the results produced by this scientific research into agricultural questions. The association did the experimenting and compiled the results; the government paid for the printing. This was the arrangement used to supply the public with the results of agricultural research in Canada. The grant now amounts to $26,000 and, I repeat, it is for the purpose of printing a scientific and economic review and other necessary papers and journals. The money is not used to support the actual work of the association but is merely in respect to the printing. The agricultural institute gets its revenue from its membership and from advertisements in different journals and papers.

I have here the November-December issue of the institute, *Review*. Hon. members will recognize the photograph on the front page. It is a photograph of one of the hon. gentlemen who spoke. I should like to put on record some of the items which are discussed in this particular issue. They include the Canadian Farm Building Plan Service, Rural Aging, Basic and Applied Research in Weed Control, the Inter-American Conference on Agriculture, expressions of opinion by recognized experts, and so on. These are some of the results published, and this is how they are printed. Often in days gone by we heard criticism of experimental and scientific research along these lines: This work is all done in institutions, but you do not get it out to the people who are interested in it. Well, this is the very thing that this agricultural institute does and I strongly support this grant of $26,000.

I do not want to sit down, Mr. Chairman, without saying that even though my constituency is 3,000 miles away from Ottawa I have a couple of ladies in the gallery from the town of Chilliwack, one of the greatest places in British Columbia, and I am delighted to see them here.

Mr. Herridge: As another charter member of the Agricultural Institute of Canada, and as a life member, I endorse wholeheartedly the speech which has just been concluded.

(Translation):

Mr. Boulanger: Mr. Chairman, I had no intention of participating again in the discussion of the agriculture estimates, but as the Minister of Agriculture (Mr. Hamilton) did not deal with the dairy industry, I feel I have to make a few remarks regarding such an important matter.

Yet, before getting right down to the subject, I want to commend the minister for his sincerity, when he recognized the agricultural capabilities of opposition members, and more particularly those of the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets). I find that the Minister of Agriculture has not the same turn of mind as the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) and is able to admit that a lawyer can be conversant in something else besides law, that he can speak of farming, and deal with a particular sector of national economy even though it concerns all classes of society.

The hon. member for St. Hyacinthe-Bagot could have used the same arguments against the Minister of Agriculture who is not a professional agriculturist, but indeed a former university professor. Mr. Chairman, I shall have the opportunity of coming back to the remarks of the Minister of Agriculture when speaking on his estimates.

At this time, I want to deal with the dairy industry, and the conditions now prevailing in this country as far as butter, cheese, etc., are concerned. Butter consumption is decreasing at an alarming rate at the moment, whereas margarine consumption is rising considerably.

It is noted, for instance, that butter consumption per capita, which was 20¼ pounds in 1957, has decreased to 16½ pounds in 1960. On the other hand, the increase in margarine consumption has gone up from 7¾ pounds in 1957 to 9¼ pounds in 1960. This means that the farmer has lost a market for 57 million pounds of butter in four years, that is the milk production of 11,000 farms averaging 20 cows each.

Despite the population increase, butter consumption has been decreasing by 3 million pounds a month, while margarine consumption reached 166 million pounds last year.

What is the situation of the milk industry today? How large are our stocks?

On March 1 our stocks amounted to about 80 million pounds of butter, 5 million pounds of dry skimmed milk and about 2 million pounds of cheese. We had no whole milk powder in stock.

The situation is not very serious at this time because a year of drought would eat up those surpluses in no time. However, it will become more serious if the government takes no action to prevent the accumulation of surpluses, if it does not take certain steps to check the decline in butter consumption or if it does not get rid of milk surpluses one way or another.

Since 1957 the government has followed a no-action policy in that field. And yet, recommendations are not lacking, for the Canadian Federation of Agriculture and farm associations, milk producers, economists and members of the opposition have made suggestions every year.

Mr. Chairman, I could deal in detail with those recommendations, but I will only list them. Recommendations included a butter consumption subsidy of 10, 15 or even 20 cents a pound; a two-cent subsidy on every quart of milk sold to the consumer; the purchase of milk powder surpluses, estimated at about 60,000 pounds a year; a 25-cent subsidy per hundredweight of milk produced by the farmers.

Another recommendation which I might stress a little more has to do with the free distribution of milk in schools. The suggestion was made by the Canadian milk producers association and according to the president of the organization, Mr. Emile Cote, it would cost no more to carry it out than to carry out the price support policy that we now have. If such a policy were carried out on the basis of the experience in war years, when it was in force, it would increase milk consumption by 1,300 million pounds or the equivalent of 50 million pounds of butter or 121 million pounds of cheese.

Mr. Cote points out that the implementation of this suggestion would not create a precedent, because substantial amounts are already being paid to essential average size industries other than food industries, namely gold mining, railroads, coal mining and others.

We realize that those recommendations, put forward by qualified people, are not well received because they are too simple and too logical. The government prefers to do as it pleases; it prefers confused and difficult situations which reveal the incompetence of the two ministers of agriculture we have had over the past four years.

Mr. Chairman, there is another grievance I should like to express with regard to the dairy industry. It concerns the present situation of the large companies producing powdered milk, whole milk or any other agricultural product, in the matter of patents. It is a long story, but I shall try to summarize it as best as I can.

A few years ago, a certain Mr. Peebles of the Western Condensing Company, of California, having improved the processing of instant powdered milk, for which permits granted in 1904 had expired, applied in 1953 for patent rights on the manufacture of instant powdered milk. In 1954, he therefore started to sell instant powdered milk. In the same year he founded the Instant Milk Company. Mr. Peebles owned 50 per cent of the stock, while the other 50 per cent was owned by Carnation. At the time, Mr. Peebles offered to sell his shares to Carnation, but the latter refused. He then sold them to Formost Dairy Incorporated. Carnation and Formost, which already had patent rights and had made application for other patents, decided to pool those rights and set up a new company, Dairy Food Incorporated, in the hope of controlling the instant powdered milk market within the country and in the rest of the world.

The patent application filed by Mr. Peebles with the American government in 1953 was turned down. It was put forward again by Carnation, and was again turned down by the American court of appeal. The company then decided to appeal to the district court of Columbia in the United States, where the judges yielded to the company's claim. The latter was therefore granted a patent on May 20, 1958. Immediately the company filed an application with the Canadian patent office, and having presented a solid case, it obtained, on December 2, 1958, a Canadian patent bearing number 566787, in the name of Instant Milk Company.

Shortly after the issuance of its American patent, Dairy Food Company started accusing every manufacturer of instant powdered milk in the world of violating its patent, and threatened legal action unless they signed an

agreement and paid them rights of 1½ cents a pound on powdered whole milk and ⅞ cent a pound on powdered skim milk.

The first to sign the agreement were, of course, Carnation and Formost. As it was known that Borden had already been involved in several other legal proceedings, its members decided to sign the agreement immediately. Later, it was found that Borden and Carnation were combined organizations with plants in Cuba and other South American countries.

In April 1960, Pet Milk Company of St. Louis, Missouri, was prosecuted by Dairy Foods Incorporated and signed the agreement.

Mr. Fortin: Order.

Mr. Boulanger: Mr. Chairman, the hon. member for Montmagny-L'Islet who is sitting across from me is trying to interject. If he would listen to what I have to say, he might be in a position to tell the farmers of his constituency what is going on in the house.

Mr. Fortin: On a point of order, Mr. Chairman. We are being subjected to the trial of American firms; the hon. member has been discussing their case for at least ten minutes, and I should like him to revert to the matter under discussion.

Mr. Boulanger: If the hon. member will bear with me, he will see what I am leading up to, because I am conversant enough with the rules to know where I am going.

Just bear with me for a moment and you will see what I am leading to.

The Chairman: Order. Perhaps the hon. member for Drummond-Arthabaska could tell us now what is the intent of his remarks so that we may decide whether they are relevant to the estimates now before us.

Mr. Boulanger: Mr. Chairman, the Canadian government granted patent rights to some firms which are now taking advantage of Canadian farmers with the levy of fees that we should not have to pay—and they achieve that through the use of a licence issued on December 2, 1958.

The Chairman: So, as I understand, the hon. member wants to discuss the question of issuing a patent?

Mr. Boulanger: It is in direct relation with dairy products.

[Mr. Boulanger.]

The Chairman: For my part, I doubt that government policy with regard to issuing patents and trade marks, would be connected with the estimates of the Department of Agriculture, since the matter is under the jurisdiction of the Secretary of State.

Mr. Racine: On a point of order, Mr. Chairman, I think the point which the hon. member for Drummond-Arthabaska wants to make is that the attitude of those companies affects farm income, for he is trying to convince the house—and I am sure he will succeed—that dairy products are controlled by monopoly and that the farmers consequently are receiving less for their produce. I therefore think it is very appropriate to deal with this particular matter when discussing the agriculture estimates.

The Chairman: I may tell the hon. member for Beauce (Mr. Racine) that he has been perhaps more convincing than his colleague, and if that is the intention of the hon. member for Drummond-Arthabaska, I shall allow him to continue his remarks. But, what the hon. member for Drummond-Arthabaska criticized earlier had to do with patents, which is not quite the same thing as a monopoly by some companies.

Mr. Boulanger: I am pleased to see that the hon. member for Beauce has succeeded in convincing you, Mr. Chairman, which is one more proof that opposition members are quite conversant in procedure and agricultural matters.

As I was saying, it is interesting to note that the Carnation and Pet Milk companies own the General Milk Company, an export firm in which Carnation, which has branches in Canada, owns 60 per cent of the shares, and the Pet Milk Company 40 per cent. Those two firms have since formed an organization in France and are about to establish their monopoly in other countries.

Now, on the basis of the price of skim milk, which is sold for as little as 8¼ cents a pound, and at a cost of 2 cents to make it into instant milk, you have a total cost of 10.25 cents a pound and the royalty of ⅝ cent a pound would amount to 6.1 per cent.

Yet, the contract is for the duration of the patent, in 17 years. On the basis of the 1960 production, i.e. 33,300,000 pounds of milk powder the royalties for the year would be $208,000. As sales of instant skim milk for 1960 show an increase of 56 per cent in comparison with the preceding year, it

is easy to guess what that royalty will produce by the time the patent expires. Based on the 1960 figure, the amount represents an additional $35 million which the consumer will have to pay because of a patent which should not have been granted to those monopolies.

Today, the Dairy Foods Company threatened to sue foreign firms, and initiated proceedings against a Canadian company, Milk Products Limited, of Hamilton, Ont. It is also prosecuting the Dried Milk Products Co-operative of Eau Claire, Wis.

Milko Products Limited has developed its own processing methods and its own device for changing milk into instant powder. Their device is covered by Canadian patent No. 533204. This manufacturing process has also branched out to various other countries and patent applications are pending elsewhere. Milko Products Limited pioneered in the field of canned skim milk powder sold to consumers throughout Canada since 1950. It also was the first to manufacture and sell instant skim milk powder throughout this country. It would be unfortunate if only one organization had absolute control over the production and sale of instant powdered milk, which is now becoming so widely used. Already, Cherry-Burrell Corporation has stopped producing its instantizer, fearing reprisals on the part of Dairy Foods Incorporated.

If the consumer has to pay extra on instant milk powder, large families will suffer, because they will have to keep from buying it and will thus be deprived of a sound food product.

The four largest manufacturers of milk powder in Canada get their product from American firms. Therefore, it is readily seen that it is becoming more and more difficult for a Canadian corporation to compete in this increasingly expanding field of the dairy industry with foreign corporations belonging to organizations established all over the world.

On page 23 of the 1960 edition of *Modern Methods of Food Industry Management*, published by Food Engineering, there is a list of companies bought out between 1948 and 1954 by companies wishing to control the industry. They are the following:

Formost Dairies Inc.	85
Borden Co.	62
Carnation Co.	24
National Dairy (Kraft)	19
Pet Milk Co.	7

Mr. Chairman, that is the situation of the dairy industry at present. Farmers are wondering today what the future has in store for them, with a shortsighted government doing everything to protect large companies or big businessmen. It is not without reason that it is being said that the Conservative government is the government of big business.

Mr. Pigeon: Just think of C. D. Howe. Big business indeed.

Mr. Boulanger: That is the present situation of the dairy industry. Therefore, I would ask the minister to inquire into the situation of those large companies trying to control the whole production and sale of milk powder in Canada.

We are demanding such an inquiry in order to know whether it is possible to remedy the situation before our farmers vanish from the scene at the rate at which they have been vanishing these last few years.

On behalf of the farmers of the province of Quebec and of Canada as a whole, we are asking that the support price of 64 cents a pound on butter, and of 32 cents a pound on cheese be maintained in Quebec, as well as in all the other provinces. At present, Quebec farmers are getting half a cent less a pound, so I would like the minister to tell us why they are not treated on an equal footing with farmers of the rest of the country.

We also urge the Minister of Agriculture to examine farming conditions in the east, and we invite him to come and visit the eastern part of the country. We read in the papers that the minister is always travelling in the west. So, we would ask him to come and visit the eastern farmers, those of the province of Quebec and of the maritimes, to realize what the actual situation is. Perhaps he will then be in a position to talk more often about it, when he takes the floor here to deal with agriculture.

(Text):

Mr. Korchinski: Mr. Chairman, in rising to participate for the first time in the discussion of the agriculture estimates I should first of all like to congratulate the Minister of Agriculture on his transfer to the department of which he is now minister. I say this because I personally feel he has brought to the department a knowledge that he has acquired through the years and an understanding of the problems of the farmers who are indebted to him for the many actions that have been taken.

I say this because only recently the Canadian Federation of Agriculture had a convention in this city and some of the delegates who attended that convention also took part in the mass march on Ottawa some time ago on which occasion we were given somewhat a rough time. However, these same people today want me to express to the Minister of Agriculture their feelings of confidence that he will do much for them and that he can display an understanding which was so lacking under the Liberal administration. If I may be permitted to make a comparison, they felt like delinquent children for many years and now they have found an understanding parent.

Perhaps the best thing that could be done so far as the Liberal party is concerned is to ignore the criticisms that have been levelled from that quarter. However, because there may be some people in the country who in a moment of weakness may feel that the Liberal party may have something to offer to them at some time in the future—certainly they did not in the past—I should like to refer to some of the remarks made by the hon. member for Drummond-Arthabaska. I am not sure whether he is the number one man or the number two man. When he first spoke on the estimates of the department on February 24 he said, as found on the first page of the English translation for that date:

> —the farmers are losing confidence in their government and, what is more serious still, are losing confidence in their profession.

I should just like to say that if anybody is losing confidence, whether it be a farmer or a businessman, and he feels that the profession he is following has no future, does he take out a loan? Does he go into debt? Certainly I would think that he would withdraw all his equity and run. This is definitely not the case with agriculture and I should like to compare the amount of loans in three years to show whether there is lack of confidence. From April 26, 1956, to March, 1957 loans amounted to $13,978,000. In 1957-58 the figure was $21,278,000 and in 1958-59 it was $30,145,000. Under the farm credit corporation, from April, 1959, to October 5, 1959, loans amounted to $23,215,000 and the figure for the period from October 5, 1959, to January 31, 1961, is $72,200,000. To me that certainly does not indicate a lack of confidence either in the way the government is administering the department or in the profession of farming itself. It is an indication that the farmers have renewed hope.

[Mr. Korchinski.]

The hon. member continued to be critical of the government and said that it had channelled a lot of the taxpayers' money into agriculture. As found on page 2 of the English translation for February 24 he had this to say:

> As a matter of fact, the cost to the Canadian taxpayers for meeting the commitments under the farm legislation was $77 million in 1960, $22.1 million in 1959 and $60.1 million in 1958.

He made a similar comment in participating in the debate last year. As found on page one of the English translation for March 25, 1960, he had this to say:

> Under the Liberal administration, from 1946 to March, 1957, the Agricultural Prices Stabilization Act cost $25,052,806.98. Now if you look at the expenditures for the past three years, that is since the Conservative government took over, you find that in 1958 Canada spent close to $6 million and in 1959 $15,124,000. Now, for the year 1959-60 we are asked to vote $57,661,176.
>
> That means that since the election of the Conservative government it has cost the taxpayers the substantial amount of $78,773,819 to support agricultural prices. In short, therefore, it can be said that in the last 12 years of Liberal administration it cost us $25 million to support those prices, while in three years of Conservative administration the amount expended was $78 million.

I have no apology for what the Conservative government has done. In his statement the other day the hon. member went on to say:

> When will it put back in each farmer's pocket the $120 that the Liberal government took from him in taxes each year?

He is complaining that this government is putting back into the pockets of the farmers some of the money that the Liberal government had taken from them and, incidentally, the farmers too are taxpayers. It is no wonder that farmers today are looking forward to the present government carrying on in the manner it has. They well remember the $600 million that the British wheat agreement cost them. It will be a long time before they will look at anything that the Liberals have to offer.

The hon. member went off into the wilderness and ended up in a swamp when he tackled the question of the wheat board. I think the Minister of Agriculture dealt with that point and I will not deal with it further. The hon. member then went off on another tangent and decided to deal with the feed mill problem. I will be very brief on this point. The minister has put on record a table which indicates that prices are not depressed, as C.C.F. spokesmen would have us believe.

I should also like to point out that when the national farmers union presented their brief

this year they were critical of the new feed mill regulations. At that time I asked Mr. Atkinson, the vice-president of the Saskatchewan farmers union, why they should be critical since in their brief they thought that co-operatives should be expanded. I asked him why he should be critical since it appeared to me that the feed mill policy would be of direct assistance in the expansion of co-operatives. It certainly seems to me that would be the case in an area where a feed mill exists and the farmers are being paid lower prices. It seems to me that under those circumstances farmers should group together to form a co-operative and pay the price that the Canadian wheat board pays. This would certainly eliminate the existing feed mills. These farmers could establish themselves as supporters of the Canadian wheat board and could pay, as I have said, the prices the wheat board offers but at the same time abide by its regulations. I do not think this would hamper the development of co-operatives.

I asked him what he thought of this suggestion but his only reply was "I will see you later". I have neither seen nor heard anything from him regarding the problem as I presented it at that time but, I should like to know what his opinion is. I have written several letters pointing out my solution to this problem but have yet to receive a reply.

One other point I should like to mention is that farmers have for years been able to arrange deals among themselves and with others who were interested in paying a price for grain. During all the years I have been buying grain I have always had to pay a price if not equivalent to that offered by the Canadian wheat board, certainly higher. I do not understand why a farmer should allow himself to be taken in, if that is what is happening, because he has no obligation to sell his product.

The wheat board regulations were criticized and it was said the wheat board would be ruined if there were sales over and above the quotas. Anyone familiar with the situation will realize that there are special quotas for barley for malting purposes as well as special quotas for specialty oats and they have not ruined the wheat board. This situation has been in existence for many years. I do not intend to review it again now.

The next point I should like to bring to your attention, Mr. Chairman, has no reference to feed mills. Incidentally, the hon. member for Assiniboia said that the feed mill issue was the hottest issue today and he was sure that the government would have to do something about it. This is the master mariner from the prairie who appears to have all the problems in hand, and claims that he can guide us over all sorts of troubled waters. I realize however that he has made mistakes before. He tried to take credit the other day for the big wheat sales to China and Czechoslovakia but I am afraid I cannot see that he had anything to do with them. However, if he wishes to take credit he must also accept the responsibility for the lack of sales under the Liberal government. He cannot have it both ways.

I should like in the little time left at my disposal to deal with a problem that vexes many farmers, and if I may be permitted I wish to follow my notes a little closer. I want to refer to the issue of permit books to producers. Each producer has one permit book in which are recorded all acreages leased. This creates a problem when a cash advance is required by the producer. In many cases the landlord resides miles away from the farm and in some cases out of the country. Before an advance can be obtained the landlord must sign a declaration. It is often impossible to get this declaration and the producer is then deprived of a cash advance. I have known of cases where the landlords simply refused to sign declarations, even though they might reside in the vicinity of the farms. I think this problem can be solved by having two permit books. One could be known as a producer's permit book and the other, perhaps, as the landlord's book. Each could be distinguishable by different coloured pages.

To illustrate what I have in mind, let us take the case of a producer who owns land of which 400 acres is cultivated and also rents land of which there are 300 acres cultivated. The basis of the rental agreement is, one third of the crop going to the landlord and two thirds to the renter. The producer, who is also a renter, would then be able to deliver on 400 of his own acres plus two thirds of the 300 acres making a total of 600 acres. The producer's permit book would then indicate that delivery could be made on 600 acres, while the landlord's book would register an acreage of one third of the total 300 acres or 100 acres on which delivery could be made. This would in no way mean that there would be any additional grain delivered as the total cultivated acreage is the same. The initial quota would, however, have to be divided on the basis of the agreement, even though the producer would have more of his own acreage. In other words, 200 bushels to the producer and 100 bushels to the landlord.

To take the same example, but in this case the rental agreement on a 50-50 basis, the renter would then have an acreage registered

in his permit book on which he could make delivery of 400 acres of his own land plus one half of the rented land, or a total of 550 acres. The landlord's book would in this case register an acreage of 150 acres. The initial quota would then be 150 bushels to the producer and 150 bushels to the landloard.

The situation becomes somewhat more involved when a producer rents land from several landlords. The same procedure is followed in calculating the acreage for the producer and the landlord, however, depending on the rental arrangement. The landlord and the producer would have to sign a declaration in all cases where the agreement is verbal before a permit book could be issued. If a rental agreement could be produced, an affidavit signed by the producer would be acceptable.

The objection could be raised that the initial quota, where the producer normally sells his own grain to meet his own expenses, would be small when it is split up between the landlord and the renter. This objection could be overcome by the fact that the producer could obtain a cash advance, and also by inaugurating a system whereby the landlords would be prohibited from making delivery until the first quota became available. Under this system it would also be possible for the landlord to obtain a cash advance. All such advances would be recorded and registered against this land, the owner of the land being responsible for the repayment, even if a transfer of land is involved. The onus for repayment always must remain with the owner.

This system would have the added advantage of removing the complaint of the landlords, in many cases older, retired people, that they are often not given a chance to sell grain because the renter supplies his own needs first by selling his own grain and thus fills the quota. This is not, of course, the concern of the government, but it would have the effect of correcting the situation.

I should like to make another recommendation to the minister regarding the proposed changes in the Prairie Farm Rehabilitation Act regulations. At the present time the Department of Agriculture allows a payment for the construction of dugouts to the extent of $250. This has been a good program in the past and has met certain needs of the farmer, but I suggest that it is perhaps time to have another look at the situation. The water that was stored in these dugouts certainly was not of the best quality. Very often it became polluted in which case it was not fit for human consumption. My suggestion to the department is that when a farmer undertakes to drill a well the department assume a portion of the cost equivalent to the cost of a dugout, providing the farmer can show the department that there exists an adequate and good supply of water. In other words, if the department pays $250 toward the construction of a dugout for water it is only reasonable to suggest that the department should now pay the same $250 toward the drilling of a well. This would work in conjunction with the new program being undertaken by the department, and I am of course referring to the rural development program.

The other suggestion I wish to make is one which should meet with the approval of the hon. member from Assiniboia. As reported at page 2413 of *Hansard* of February 24, he said this:

> I was, of course, for many years a sharp critic of Mr. Gardiner because the average prices established under this legislation were not payable as some of us felt they should be directly to the producer, or they were not guaranteed to the producer. Instead, they were paid to the packing company and the farmer had to deal with the packing companies and do what he could to get from them the established floor.

I should like to make a suggestion here. It is with reference to making payments on elevator stored grain or the storage payment that the government makes to the elevator companies. I have here a table which indicates the amount of money paid by the government. I should like the permission of the committee to have this table printed in *Hansard*. This table is supplied by the Department of Agriculture. It indicates the amount of storage payments every year since the program was inaugurated in 1955. May I have permission to have this tabled in *Hansard*?

The Deputy Chairman: Does the committee give unanimous consent?

Some hon. Members: Agreed.

[*Editor's Note: The table referred to is as follows:*]

Crop Year	Storage paid by Government
1955-56	$ 31,486,187
1956-57	28,816,766
1957-58	35,553,509
1958-59	39,825,304
1959-60	43,604,073
Total	$179,285,839

The total amount of bushels on which these amounts were paid is as follows:

Crop year	Million Bushels
1955-56	216.7
1956-57	194.6
1957-58	229.7
1958-59	228.3
1959-60	238.9
	1,108.2

Mr. Korchinski: Mr. Chairman, I should like to first make it known that I am not complaining that this payment is being made to the elevator companies. However, like the

hon. member for Assiniboia, I feel that this payment should be made directly to the producers. For a number of years now, the department has been paying directly to the elevator company, and I feel that this system should be changed. In the agriculture committee last year it was only through the insistence of the hon. member for Yorkton that we were able to determine what amount was being paid to each elevator company. I think we should perhaps have a better system of indicating what the government does pay with respect to each producer. What I am going to outline may have that effect. If the elevator companies are going to charge seven cents, eight cents or 16 cents, whatever the amount is for the year in storage charges, I feel that that amount should be deducted from the initial cost when the farmer makes the delivery. In other words, there will be the initial price but then the cost for which the elevator companies will have to be compensated by the government will have to be deducted. In order that the initial payment will not be lower I would say that we should revise the system. I think the interim payment system should be eliminated and in place of the interim payment we should have the initial price.

Over the years, every year we have had a 10 cent interim payment. This is only money which is being withheld from the producer. I should explain also that at the end of the year, rather than make a payment to the elevator company the government would make a payment to the farmer depending on the amount of grain delivered. For example, if a farmer delivered 1,000 bushels and the storage charge was 16 cents per bushel for that year the statement would indicate that 1,000 times 16 cents, which is a storage charge of $160, was being paid to the producer to reimburse him for the storage charge originally deducted by the elevator company.

I have here also a list that I should like to have put on the record, if I may have the permission of the committee to do so. It is a table indicating the number of cents per bushel charged on the total bushels of grain delivered to elevators, and also a table indicating the costs per bushel of all that grain over 178 million bushels. If I may have permission, I should like to have this information also put on the record.

The Deputy Chairman: Does the committee give the unanimous consent to this information being printed in *Hansard*?

Some hon. Members: Agreed.

[Editor's Note: The tables referred to are as follows:]

Crop Year	Cents per bushel per year
1955-56	8.0
1956-57	7.7
1957-58	8.7
1958-59	9.8
1959-60	10.5

NOTE: Relating this to wheat stored in excess of 178 million bushels the costs are as follows:

Crop Year	Cents per bushel per year
1955-56	14.5
1956-57	14.8
1957-58	15.5
1958-59	17.4
1959-60	18.3

Mr. Korchinski: I note that my time is running short, Mr. Chairman. However, I should also like to bring to the attention of the committee one other complaint that I have had. It is a complaint that seems to be quite prevalent in many municipalities, and refers to the official date under which an application from a municipality can be received for P.F.A.A. assistance. At the present time under the regulations the date is September 15th. I think this date should be changed. This date should be November 1st. When the act was first drafted this date applied to that southern area of the prairies where their harvest is perhaps over by that time. But in my area our harvest drags on sometimes to November 1. I think there is no point in having a municipality first make application on September 15th when they have no idea what the average yield will be. In other words, a rather inaccurate prediction is made just so that the departmental officials will come into that municipality. Later, another revised estimate has to be made. I think this date should be stepped up to November 1st. I say this because we have run into several—

The Deputy Chairman: Order. It being five o'clock shall I rise, report progress and ask leave to sit again later this day or at the next sitting of the house as the case may be?

Progress reported.

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of public and private bills, the former having precedence according to section 3 of standing order 15.

Mr. J. S. Speakman (Wetaskiwin): Mr. Speaker, I should like to ask the unanimous consent of the house for the consideration of order No. 1 under private bills, namely, a bill respecting Canadian Pacific Railway, before any order was called under public bills. As the basis for my request, I might say that on the early passage of this Bill No. S-13 depends

the immediate employment of a fairly large number of men for a three-month to four-month period in the construction of a railway spur eight and a quarter miles in length.

Some hon. Members: Agreed.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in view of the circumstances explained by the sponsor of the bill this group is only too willing to co-operate.

Mr. Speaker: Does the house give unanimous consent to the request made by the hon. member?

Some hon. Members: Agreed.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. S-13, respecting Canadian Pacific Railway Company—Mr. Speakman.

CANADIAN SOVEREIGNTY

PROVISION FOR NATIONAL FLAG, ANTHEM AND INDEPENDENCE DAY

Mr. Maurice Allard (Sherbrooke) moved the second reading of Bill No. C-22 respecting the sovereignty of Canada.

(Translation):

He said: Mr. Speaker, this bill deals with the expression of the sovereignty of our great country. Throughout its history, Canada has known a constant constitutional development and has become a sovereign state within the commonwealth of nations.

A state is sovereign when it enjoys supreme authority in its own territory and is subordinate to no other state in the international field. Sovereign does not mean absolute, since all states must submit to public international law.

It can be proudly stated that our country enjoys today the eight main attributes of a sovereign state. These are the right to legislate; the right to make our legislation extraterritorial; the right of diplomatic representation abroad; the right to have Canadian courts of last resort; the right to declare peace; war or neutrality; the right to amend our constitution as we see fit; the right to negotiate and to ratify ourselves our own treaties; and finally the acknowledgment of our sovereignty by the other countries of the world.

Many factors and events have brought about the realization of this maturity. But the most outstanding was the Statute of Westminster, passed on December 11, 1931, and granting our country its sovereignty and independence within the commonwealth.

[Mr. Speakman.]

It is not enough to enjoy Canadian sovereignty that is so often referred to in this house, at the United Nations, in NATO, and everywhere else throughout the world. That actual sovereignty must be reflected by external signs that would proclaim our distinctive Canadian personality.

This national need to express ourselves in a distinctive manner is not in any way detrimental to our relations with other commonwealth members to whom we are united by our common allegiance to the crown.

Mr. Speaker, it is mainly this spirit that motivates the introduction of my bill the reminder of an existent Canadian sovereignty and, as external signs to express it: a distinctive national flag, a distinctive national anthem, and a national sovereignty day.

I realize that this government faces a number of economic problems. However, the bill that I have the honour of introducing is not unrelated to the success of our efforts in all fields. In fact, the achievement of these three objects will promote understanding between Canadians from coast to coast, show that Canadian patriotism is really alive and stir up a national dynamism, likely to increase the efforts required for the development of our great country.

In the course of these remarks, we will deal separately with the first two objects of the bill, although the reasons which commend them to us are practically the same. But a common aspect which should be pointed out immediately has to do with the interpretation of the term "distinctive". Both instances involve the adoption of a flag and of an anthem that distinguish and characterize our national colours and our national aspirations, and that differ from designs or anthems of all other countries.

It is not the first time that this matter comes up in the political forum of Canada. In the past, governments, associations, members and many Canadians have raised this important issue, without getting any definite results.

The *status quo* of flags in Canada seems to be as follows: from 1760 to 1892, we hoist the union jack and the red ensign. In 1892, Sir John Macdonald, in an effort of national development, is granted the use of the red ensign, with the arms of Canada reproduced in its field, for merchant vessels registered in Canada. In 1911, the union jack is indicated as being our statutory flag to be flown officially over land in Canada. In 1924, use of the red ensign is authorized on all buildings which the Canadian government owns or occupies abroad. On September 5, 1945, the

late Mackenzie King adopts an order in council which imposes the red ensign as the Canadian flag, with the arms of Canada in the fly and the union jack in the upper part, and that until parliament decides otherwise.

Considering the origin and the history of flags, we find that the union jack remains the national emblem of Great Britain, under a royal proclamation of January 1, 1801, and that the red ensign, authorized in England by Queen Anne in 1707 and by Queen Victoria in 1864, constitutes, under section 72 of the Merchant Shipping Act of 1894, the national flag for all vessels and boats owned by British subjects.

Now, if Canadians really wish to demonstrate the new Canadian citizenship which has been theirs since January 1, 1947, and if those same Canadians want to display a distinctive patriotism, those two flags are no longer suitable as legitimate expressions of their feelings. Besides, the order in council of September 5, 1945 does state that the red ensign will be flown until parliament decides otherwise. That order in council recognizes a temporary situation which we must now correct by something definite, by the adoption of a distinctive national flag for our own Canada.

Since the last war, Canadian opinion in this field has steadily developed and it has now attained a degree of maturity which leaves no cause for doubt.

Why has the time come to act? Because our country needs external signs of its legal and progressive sovereignty. Sir Robert Borden signed, on behalf of this country, the peace treaty of Versailles. In 1923, Mr. Ernest Lapointe signed in Washington what was the first official treaty negotiated by our nation with a foreign country without recourse to the services of a representative of the London government. On December 11, 1931, under the Bennett government, the Statute of Westminster recognized the independence and the sovereignty of our country within the commonwealth. During the last war, Canada was the first country in America to declare war on Germany. Later on, the federal government appointed a Canadian to the position of governor general. Appeals to the privy council of England were abolished and, as I was saying, a Canadian citizenship established on January 1, 1947.

In the field of external affairs, Canada has shown itself to be a distinct power in the military as well as in the economic field. Must we recall its membership as a distinct nation in the United Nations, in the Colombo plan, in NATO and within the disarmament committee of ten nations. It has more and more ambassadors and plenipotentiary ministers throughout the world.

The world is learning to appreciate our initiative and our mediation. Such an important situation must not be jeopardized by the absence of a flag. We would otherwise expose ourselves to unfortunate incidents such as Nasser's protestations during the Suez crisis of 1956. Let us recall that the United Nations police force then responsible for the maintenance of peace in Egypt included men from Canada, Colombia, Denmark, Norway, Pakistan and Sweden. All those countries but Canada had a national flag, a distinctive flag.

If our country has grown up so much and if that evident maturity is acknowledged from every quarter, we should then exteriorize that emancipation through a really Canadian and truly distinctive national flag. The pride and future of our country is at stake. Most Canadians have a keen desire to live not for countries where their distant forefathers were born, but for the land which feeds them and will finally receive them.

Such a flag will strengthen the convictions which were at the origin of the confederation of 1867. It will materialize our common aspirations, our parliamentary and individual freedoms, our national understanding and our Canadian patriotism.

The various political parties represented in the federal parliament have already indicated a clear stand in favour of the adoption of a distinctive national flag. Resolutions along those lines were unanimously adopted by the Conservatives at their convention in December 1956, and by the Liberals at their rallies in January 1958 and January 1960. On November 8, 1945, as shown on page 1939 of *Hansard*, the C.C.F. leader, Mr. Coldwell, had this to say:

> I wish to see Canada with a distinctive flag, and in my opinion the red ensign with our coat of arms on it, which I would rather say nothing about, is not a distinctive flag.

Now, if all Canadians need such a flag, if they ask for it in such a way with the support of political parties, if the international community sees in us a child who has reached maturity and his distinctive personality, what are we waiting for? I have every reason to believe this proposal will be welcome and that the house will soon give it the stamp of its approval.

If we adopted a distinctive national flag, we should at the same time have to designate a distinctive national anthem. Because, how could we salute our own flag while singing the national anthem of another country? It would be absolute nonsense.

There is no longer any doubt that our country has reached maturity and that it intends to develop along that line. In 1958, Mr. Vincent Massey, our past governor general, acknowledged this national awareness. This is what he said then:

I feel that we have learned to be independent and proud of our country. We shall retain our identity as long as we remain true to our traditions while showing our independence.

For many years, two anthems have been sung in Canada—the one entitled "O Canada" was composed by a Canadian; the other, the royal anthem is "God Save the Queen".

For the reasons given above, it is essential that we now select a distinctive national anthem, i.e. an anthem likely to satisfy the aspirations of the greatest number of Canadians and one that would not be the national anthem of another country, by its origin, its composition and its expression.

Now, Mr. Speaker, the "God Save the Queen" that we admire and like to sing on various occasions, is recognized as the national anthem of a friendly country, Great Britain. By its origin, its composition and its expression, it does not reflect the Canadian spirit.

As a matter of fact, "God Save the Queen" has various origins and a European past. History reports that when the French King Louis XIV entered the chapel of Saint-Cyr, the boarders broke into that song, the words of which had been written by the superior, Madame de Brinon, and the music composed by Jean-Baptiste Lully.

Grand Dieu, sauvez le roi,
Grand Dieu, vengez le roi,
Vive le roi!
Que toujours glorieux,
Louis victorieux,
Voit à ses pieds ses ennemis
Toujours soumis!

According to tradition, Handel, the famous German composer, patronized by the king of England, visited Saint-Cyr in 1721, obtained permission to transcribe the song, translated it into English and offered it to King George I. Later, the song was slightly changed and became England's majestic "God Save the King".

Some authors have it that the melody of "God Save the King" was at some time or other, with appropriate words, of course, the national anthem of Prussia, Germany, Switzerland, and even Russia.

All this shows that "God Save the Queen" is deeply rooted in history. It has been the national anthem of England since practically the year 1745, during the Scottish revolution.

But there is nothing typically Canadian about it. That is why time has come to add to a distinctive Canadian flag a national anthem which will stir up the emotions and the feelings of Canadians.

As a third external sign of Canadian sovereignty, the bill proposes a national sovereignty day which would be celebrated each year on December 11, to commemorate the Statute of Westminster.

We must not be afraid to stimulate pride and patriotism in Canada. We must give to all Canadians an opportunity of becoming more aware of our constitutional development, and to express their joy of being Canadians, with all the advantages inherent in Canadian citizenship.

The annual observance of a national holiday would provide this opportunity and special celebrations in the various provinces and in the schools would further stimulate Canadian patriotism among our young people.

In ancient times, people worked hard at inculcating love of country in the minds of the young. Thus, in Athens, the young ephebus, that is the young Greek between 18 and 20 years old, went up on the Acropolis to swear allegiance on his honour to his country.

Such a ceremony could be revived on independence day if young Canadians were invited to take an oath and to pledge themselves to the service of our great country.

Mr. Speaker, before concluding may I be permitted to state the substance of the bill which it is my privilege to submit:

The healthy instinct of independence of a nation is anchored in the hearts of its people. Although certain historical traditions may, for a time, restrict that instinct it cannot be expected that it will be dormant eternally. Any nation with pride in its achievements in peace and war and conscious of its own sovereignty will insist that its status be recognized by other independent nations.

A distinctive national flag, a distinctive national anthem and a national independence day constitute external signs of sovereignty and it is the purpose of this bill to provide these three worthy attributes for our country.

Thus:

Whereas since the 11th of December, 1931 Canada is a sovereign nation, among the members of the commonwealth of nations, with them united by

a common allegiance to the crown, equal in status and in no way subordinate to the United Kingdom;

Whereas the sovereignty of Canada should be made evident by the adoption of a distinctive national flag, the designation of a distinctive national anthem and the observance of a legal holiday on the 11th day of December in each and every year;

Therefore, Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. This act may be cited as the National Sovereignty Act.

2. Canada is hereby declared to be a sovereign nation.

3. It shall be the duty of the Canada council to prepare or have prepared, after competition or otherwise, a design for a suitable distinctive national flag free of the emblem or emblems of any other country and to submit the same to the Senate and the House of Commons of Canada within one year of the coming into force of this act.

4. Notwithstanding any royal prerogative and anything contained in any act, of the parliament of the United Kingdom such design for a national flag, after it has been approved by a joint resolution of the Senate and House of Commons, shall be submitted for approval to Her Majesty the Queen and for the issuance of a royal proclamation under the great seal of Canada respecting such ensign, armorial flags and banners as Her Majesty shall be pleased to appoint.

5. It shall be the duty of the Canada council to select after competition a distinctive national anthem for Canada and to submit the same to the Senate and House of Commons of Canada within one year from the coming into force of this act.

6. The anthem mentioned in the previous section shall become the national anthem for Canada after it has been approved by a joint resolution of the Senate and House of Commons of Canada.

7. Throughout Canada, in each and every year, the eleventh day of December (not being a Sunday), being the anniversary of the day the Statute of Westminster, 1931 was assented to, shall be a legal holiday and shall be kept and observed as such, under the name of Canadian independence day.

8. When the eleventh day of December is a Sunday, the twelfth day of December shall be, in lieu thereof, throughout Canada, a legal holiday, and shall be kept and observed as such under the same name.

Mr. Augustin Brassard (Lapointe): Mr. Speaker, when anyone raises a question in the house and does it in an objective way, as did the hon. member for Sherbrooke (Mr. Allard), I think it is the duty of all who rise after him to follow in his steps and to congratulate him for having once more brought before the house such controversial issues as a distinctive national flag, a national anthem and a Canadian independence day.

The hon. member for Sherbrooke mentioned many cases where the government by its decisions had helped our independence make a step forward. As a matter of fact, he said, and I am using his own words I think, our constitutional evolution had never ceased.

He mentioned the Canadian citizenship, the abolition of appeals to the privy council and the appointment of a Canadian as governor general.

He could have recalled also the mention in both languages, through an order in council, of Her Majesty as the Queen of Canada, as well as the appointment of our ambassadors under the great seal of Canada.

He also referred to the 1931 treaty and the signing of the first Canadian treaty by a minister of the crown, the Hon. Mr. Lapointe, without the representative of the United Kingdom.

The hon. member for Sherbrooke, I want to repeat it again, presented the question as objectively as it was humanly possible to do so, and I wish to congratulate him for that.

I need not explain again in this house the stand of our group, of our party concerning the adoption of a distinctive national flag. However, I do not wish to go on record without mentioning the 22 years of discussion on a distinctive Canadian flag, which did not produce a legislation providing for such a distinctive national flag. But I can say, as the hon. member for Sherbrooke mentioned in his remarks, that in the past several members have proposed legislation about a distinctive national flag.

Many are inclined to believe that when a member introduces a private bill and a discussion is started on that bill it is a waste of time for the House of Commons.

Such opinion is erroneous. On the contrary, I feel that every time matters as important as a national flag, a national anthem and a national independence day are raised in this house, we contribute through discussions as objective as the one just proposed by the hon. member for Sherbrooke, to mould public opinion in our country.

If we did not adopt a flag under the former regime—and I am not alone in deploring the fact, it is deplored by all members—the reason is, in my humble opinion, and the former prime minister indicated it repeatedly, that a flag must be a symbol of unity for all the citizens of a country.

He undoubtedly felt, because he was aware of it, that the public opinion was not ready to adopt a distinctive national flag.

In fact, every Canadian is free and everyone has a right to his own ideas about a distinctive national flag.

We should not criticize those who do not think as we do. On the contrary, we must try

to make them understand our point of view that in an independent country, in a country which has therefore reached maturity in all fields, it is a duty and a right to think of a distinctive flag which will reflect our history, aspirations and independence.

So, I entirely concur in the proposals of the hon. member for Sherbrooke who has put in quite a different way remarks which we have been hearing here for any years.

About the flag, I recall that some 15 years ago, while I was in Ethiopia, in the heart of dark Africa, to teach geography, those young Ethiopians—I am glad to pay tribute to their emperor—were born with the love of their parents' country in their hearts.

And those pupils could not understand that a country like Canada, of which so much is said around the world and which has earned the sympathy and esteem of all other countries, did not have its own distinctive flag.

I used to explain to them what I just told the house, that public opinion was not ready for it yet. But they had a question which almost forced me to silence: "But do not all Canadians have for their country the same love as we have for ours?"

The question, we must admit, was too difficult for me to answer and too difficult for them to understand.

So, I want to say to the hon. member for Sherbrooke, who has introduced this bill, that we are all in favour of a distinctive national flag.

I would even say that the people of Canada are becoming more and more in favour of distinctive national flag.

About a year ago, I was reading in an important magazine that a poll has been conducted among students in the 15 to 21 age group in most high schools and other schools in this country. The results of this poll showed that 70 per cent of our young people are in favour of a distinctive national flag.

I think, Mr. Speaker, this poll showed a very interesting change in Canadian opinion.

With regard to the national anthem, I think there has been less progress than in the case of a distinctive national flag. However, I am pleased that it has been included in this bill and I hope the demand for a truly Canadian national anthem will increase.

Of course, that does not keep us from singing "God Save the Queen", whenever the occasion arises, singing it with all our heart and soul. But it would also be appropriate to sing a song of devotion to our country and to our forbearers.

Unfortunately, I think it will take a few years more before we get practical results, namely a truly distinctive national anthem.

Like the hon. member for Sherbrooke, hon. members will have to raise the matter often in their constituencies, with children and students and in discussions with their colleagues.

There will probably have to be many speeches made on the matter of a distinctive national anthem, but I am confident we will get it; I am even confident that we will get it before I draw my old age security pension.

With regard to the suggestion of a Canadian independence day, it becomes a corollary, as was so well shown by the hon. member for Sherbrooke, to the matter of a distinctive national flag and of a distinctive national anthem.

I do not want to take up any more of the time of the house. In closing, may I again commend the hon. member for Sherbrooke who has shown remarkable objectivity in launching the discussion of the bill.

Such speeches can only draw the various elements of our population closer together; they can only create mutual sympathy between the two groups composing it.

As the hon. member for Sherbrooke had set the tone of this discussion of his bill, I felt I had a duty to follow his example and express my views, in the hope that others would do the same.

(Text):

Mr. Nicholas Mandziuk (Marquette): Mr. Speaker, I too wish to join the hon. member for Lapointe (Mr. Brassard) in congratulating the sponsor of the bill, the hon. member for Sherbrooke (Mr. Allard). His address to the house was logical and sincere and I would say it had some merit in it. However, I wish to depict the other side of the coin. There are always two sides to every question. I think that when both hon. members who preceded me expressed the view that all Canadians want this and want that, they were taking a lot for granted because all Canadians do not want the flag they have in mind, do not want to change the national anthem, do not want to discard July 1 as our national holiday and replace to with December 11. Therefore when they say that all Canadians want these things they are stretching matters too far.

This is not the first time we have discussed this subject. It has come up before. Certainly, it comes before us in different forms. The wording of the bill or resolution is slightly different but the intention and object are the same, namely, a distinctive Canadian flag. This matter is a perennial one and, in fact, comes before the house almost monthly. I have no objection to that. In a democracy we are free to discuss both sides of a problem. I am not going to say that all Canadians agree with me but I know a lot of Canadians who do and I am going to quote a few of them today.

I have spoken on this subject before and to summarize my stand it is simply this. I am in complete accord with legislation being passed to bring about a distinctive Canadian flag but somewhere on the field of that flag I want the union jack. There are thousands and millions of people who support me in that view and that can easily be proved. I dread this controversy, but maybe it is all to the good. I am sorry that there are some people whose only mission in life appears to be to go down in history as having sponsored something altogether different.

I am glad that the hon. member for Sherbrooke did not say what some have said in the house, that they are ashamed of the flag we have, the red ensign; that they are embarrassed every time they look at it; that it hurts their national pride; that it is a symbol of servitude and colonialism; that it is a foreign emblem and so on. I am glad that the hon. member for Sherbrooke, as I understood his remarks, did not use any of those terms because I and thousands and millions like me are not ashamed. We are not embarrassed. We do not consider the union jack an emblem of a foreign country. There are many thousands and millions in this country who still consider that island as the old land and who feel they are going home when they visit that country.

Those of my race have certain attachments to that flag and that is why we would like to see it appear on any new Canadian flag. We would like to see some portion of any such flag allocated to the union jack because we are proud of it and are proud to live under it.

The bill before us probably goes further than any other measure we have had before the house. We have discussed a flag before but this bill seeks to bring about a new national anthem. Do hon. members suffer any indignation or shame when they sing "God Save the Queen", or is this a step in trying to break away from the mother of parliaments, from the Queen, from the monarchy to which we are so attached?

The bill also provides for a new national holiday. What is wrong with July 1 which we now observe as our national holiday? What is wrong with that? Should we break all ties with the past; forget sovereignty, forget our heritage and our ancestry? No one is asking us to do that in Canada today. We are attached to the crown, and we in Canada are proud to say "God Save the Queen".

This bill envisages that the government or parliament will legislate and declare this and this to be the national anthem. Are we going to prohibit everybody from singing "God Save the Queen"? These I suggest are probably the first steps to be taken in that direction, like the first steps taken by the people of South Africa. This bill proposes that we rid ourselves of this, and this, and finally do away with everything represented by British justice and everything for which British fair play stands. It is suggested that we have something completely new.

I feel I am echoing the feelings of many people in Canada. I am just as sincere in my thinking as I presume the hon. member for Sherbrooke (Mr. Allard) was in his. I do not doubt his sincerity. I feel that he is honest and means well, but does he suggest that we break away completely from everything in the past? If that is what he means I would ask him why we should then adhere to any of our traditions. I cannot for the life of me understand why some people question the existence of our sovereignty, and suggest only that we have an invisible connection with it. What is sovereignty? I have checked the meaning of this word in several dictionaries and find the best definition contained in volume 25 of the "Encyclopaedia Americana". The definition given there is as follows:

> In political science the supreme power in a state by which the government is administered.

Further on in that definition we find the following statement:

> —the people were the ultimate source of political authority and the same principle was advanced by the French revolution.

I do not understand those people who say that since we have no flag of our own we have no full sovereignty. The hon. member for Sherbrooke discussed this subject in some detail, but I intend to go just a step further. There is not a single foreign soldier on Canadian soil except those who are here with the permission of the government of this country. I suggest that we are completely independent.

Mr. Pigeon: Let us prove it.

Mr. Mandziuk: The hon. member says, let us prove it.

Mr. Pigeon: Let us show it.

Mr. Mandziuk: The hon. member now says let us show it. I would suggest to him that we show it by our actions. I should like those individuals who feel we have no sovereignty to visit the iron curtain countries. Let them take a look at the situation in the satellites. Those hon. members who have been fortunate enough to visit the United Nations have seen what those countries regard as their representatives to the United Nations, and I speak of countries such as Poland, Czechoslovakia, Bulgaria, Romania and the like. Do these representatives act independently at the United Nations? No, they most certainly do not. I will go even further than that and mention the land of my fathers, the Ukraine and its neighbour Byelorussia. They are members of the United Nations but the foreign ministers, as we know them, of the Ukraine and Byelorussia have never appointed one single representative. They have yet to appoint an ambassador or even open an office in other nations. This is what I call a state without sovereignty.

We certainly have control over our own external and domestic affairs and everyone knows it. A statement to the contrary would cause the horses out west to laugh, and we do not intend to do that. We have representatives at the United Nations and ambassadors in many other countries of the world. Surely, no one could say that our Prime Minister (Mr. Diefenbaker), who played such a leading and brilliant role at the prime ministers' commonwealth conference in London just a few days ago, was not the representative of a country with sovereignty. There certainly does exist evidence by which all those peoples of the world know that we are a sovereign nation and I would suggest that those individuals who think otherwise are blind. Surely we do not want to be placed in the position the peoples of South Africa find themselves in today. I am sure they will regret that they entrusted their affairs of state to individuals like their prime minister.

Where is the servitude and imperialism that we have heard about in this house? We have heard that "God Save the Queen" is a foreign anthem. That national anthem is not the anthem of a foreign nation, it is an anthem which we sing because we consider the queen to be the head of our state, and we revere Her Majesty Queen Elizabeth II as our queen. The hon. member for Sherbrooke asks us to insult her by proposing in this bill that she approve a different flag. Everyone realizes that we have had 2,400 different designs submitted, and I am sure we will receive 2,400 more. We would be asking Her Majesty to approve a new national anthem and I would suggest that we might receive 2,400 different versions of it.

As I have suggested before, it is impossible to legislate what exists in the hearts of the people; that which lives there must grow there.

I realize, Mr. Speaker, my time is running out but I must suggest that those individuals who propose that we discard our flag, our national anthem, and even our national holiday are proposing something which will not be received by the people of Canada. This proposal suggests we abandon our celebration of July 1, the date of the formation of our dominion. I am sure that the people of Canada will not accept such a suggestion. In this connection I should like to quote a portion of an article written by Peter Dempson, a gentleman of some reputation in our press gallery, in the Brandon *Sun*. Part of that article reads as follows:

> The choice isn't likely to be a surprise. It will probably be the Canadian ensign, the flag that was flown over most federal government buildings since 1924, and under which our armed forces fought in world war II and the Korean war.

I would be interested in knowing who could mistake those forces as the forces of some other country than Canada.

Mr. Dempson states further in his article:

> Canada really doesn't need a flag more distinctive than the Canadian ensign. It's known the world over as Canada's flag. It's raised aloft whenever a Canadian or a group of Canadians is being honoured.

Surely this type of statement does not suggest that Canadians want something that has no connection at all with our past and no connection at all with the union jack. I could quote further, Mr. Speaker. With your permission I wish to refer to *Torch*, the magazine of ex-service men and women. That organization is a large one. You are taking a great deal for granted when you say that all Canadians want something. These men fought under that flag. Here is what they did in 1960 at Windsor. It is interesting to note that the Canadian Legion is pressing for this change.

(Translation):

Mr. Antoine Frechette (Riviere du Loup-Temiscouata): Mr. Speaker, I would like to ask a question of the member who has the floor—

(Text):

Mr. Mandziuk: Will the hon. member withhold his remarks until I get the translation?

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

(Translation):

Mr. Frechette: I would like to ask the hon. member for Marquette (Mr. Mandziuk) if the union jack is represented on the flag of his native country.

(Text):

Mr. Mandziuk: Does the hon. member want the union jack? As far as the union jack is concerned, I can take the hon. member to schools in Manitoba and in 75 per cent of them you will find the union jack still flying. They have nothing against the union jack. I should like some indication that your Canadian ensign has met with the approval of the people of Canada. I spoke on this matter before and I am satisfied that you can even have a black flag, a green one, a yellow one or anything you like; but I would ask you to give a place on it to the union jack. That is what I stand for. I think I have answered your question.

Mr. Pigeon: I should like to ask a question of the hon. member. Do you not think in your speech you are more British than Canadian?

Mr. Mandziuk: I am entitled to my opinion just as the hon. member is entitled to his opinion. I did not question his sincerity and I hope he does not question mine. I am sorry that I differ with him, but I have the right to do that.

Torch "The Voice of the 'Corps' ", states as follows:

> At their 1960 dominion convention in Windsor in June they passed a resolution (this was the first time they had formally made reference to the matter) strongly urging the Canadian government to pass an act confirming an order in council of September 5, 1945, which declared the Canadian red ensign to be our national flag.

That comes from men and women who fought under this flag. Mr. Speaker, I am going to ask your permission to let me quote another part of Mr. Dempson's article which is under the heading "The Flag that Stands on Guard". He states as follows:

> Recognition in the form of federal legislation isn't really necessary to make the Canadian ensign our flag, for in every sense it is our flag, but to make the whole thing official, the government could introduce legislation spelling out the Canadian ensign as our national flag.

I hope the government does that. I hope so for the simple reason that it would end all controversy, and all these endless debates on a matter upon which we differ. That is true enough.

Mr. Speaker, I can quote individuals. I have received a large number of letters. One out of 25 did not agree with me when I spoke on this question in 1959. I admit that. However, Mr. Speaker, my opinion is that as long as the people of Canada who are sovereign, who are independent and who are building up a Canadian race—it is true it is on the basis of two basic races—allow anything to disrupt their unity they are not doing this country a favour. My feeling is this. Canadians are not unanimous on this subject. Those that say they are unanimous are just as far off the beam as I would be if I said that. As long as Canadians are so divided and as long as they are sincere, we as legislators cannot ram something down their throats. I agree with the hon. gentleman who preceded me when he said that these discussions are of benefit. They are helpful. But nevertheless they are creating public opinion. The time may come when Canadians will be unanimous, but today they are not unanimous.

I think I will just have time to quote one letter, Mr. Speaker. I have quoted the Legion. I am now quoting a letter from an individual. This book is full of these letters. Any hon. member who wants to see them is welcome to do so. Addresses and, in some cases, even telephone numbers are given. This letter is from St. Mary's of the River, Fredericton, New Brunswick, is dated June 6, 1959, and is addressed to me at the House of Commons, Ottawa. It reads as follows:

> Dear Mr. Mandziuk:
>
> Congratulations upon your speech in the house about the flag.
>
> I have a dear friend of Polish birth who feels the same as you do and for the same reasons.
>
> You can do a great deal of good making new Canadians realize that what they value in Canada was created by Britain.

That is under the union jack, and that letter is signed by Mrs. E. W. Sansom. I could read others.

An hon. Member: Six o'clock.

Mr. Mandziuk: In closing Mr. Speaker, may I say that I appreciate the opportunity of expressing my opinions. I have expressed them as sincerely as have those arguing for the other side.

BUSINESS OF THE HOUSE

Mr. Batten: Mr. Speaker, may I ask the house leader if there is any change in the business for next week.

Mr. Churchill: No, there will be no change. There will be a supply motion on Monday and Tuesday. The forecast was given last night. It appears in *Hansard* for Thursday.

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

Question

ANSWER TO QUESTION

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

C.B.C. SERIES "FESTIVAL 61"

Question No. 135—**Mr. Badanai:**

1. What is the cost to the Canadian Broadcasting Corporation of the current series of the 90-minute "Festival 61" T.V. play?
2. Who were the people responsible for buying this particular program?
3. For how long is this program contracted for?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

I am informed by the Canadian Broadcasting Corporation as follows:

1. The budgeted costs of productions in the current series "Festival 61" have varied between $14,000 and $65,000. The series has presented a number of different types of program, including opera, Shakespearean drama, modern drama, and musical programs. For example, some of the programs have been "H.M.S. Pinafore" presented by the Stratford festival company; a production of "Julius Caesar"; the drama "The Old Ladies"; and a program featuring the Canadian pianist Glen Gould. The costs have varied according to the different requirements of each production.

2. The C.B.C. is responsible for the purchase of scripts and the production of all programs in the series.

3. The series is scheduled throughout the current fall-winter season on a weekly basis.

HOUSE OF COMMONS

Monday, March 20, 1961

The house met at 2.30 p.m.

STANDING ORDERS

CONCURRENCE IN SEVENTH REPORT OF STANDING COMMITTEE

Miss Margaret Aitken (York-Humber) moved:

That the seventh report of the standing committee on standing orders, presented to the house on Friday, March 17, 1961, be now concurred in.

Motion agreed to.

COMMONWEALTH CONFERENCE

TABLING OF FINAL COMMUNIQUÉ AND ANNEX

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I should like to table the final communiqué of the commonwealth prime ministers' conference, as well as the annexes to that communiqué. If the house thinks it desirable, it might be printed as an appendix to *Hansard* of today.

Mr. Speaker: Does the house agree with the suggestion that the documents now tabled be printed as an appendix to today's *Hansard*?

Mr. Winch: Is there anything in the communiqué having to do with a decision made on the proposed disarmament conference?

Mr. Diefenbaker: Annex I covers entirely the question of disarmament and the stands taken.

Mr. Speaker: I understand the house agrees to the suggestion?

Some hon. Members: Agreed.

[*Editor's note: For text of documents above referred to, see appendix.*]

MOTIONS FOR PAPERS

OTTAWA—EVACUATION PRIORITIES IN EVENT OF NUCLEAR WAR

Motion No. 72—**Mr. Regier:**

For a listing of names and addresses on a priority basis of all those people who are supposed to be moved out of Ottawa to a supposedly safe place of refuge in case of a nuclear war.

Mr. Speaker: This notice of motion was stood in the absence of the hon. member for Burnaby-Coquitlam, and I dare say he has read this comment on it by the Secretary of State for External Affairs. Is the hon. member prepared to drop the motion?

Mr. Regier: I am not, Mr. Speaker.

Mr. Churchill: We are opposed to the motion.

The house divided on the motion (Mr. Regier) which was negatived on the following division:

YEAS

Messrs:

Herridge	Pitman
Howard	Regier
Martin (Timmins)	Winch—6.

NAYS

Messrs:

Aiken	Habel
Aitken, Miss	Hales
Anderson	Halpenny
Badanai	Hamilton (Notre Dame de Grace)
Balcer	Hamilton (Qu'Appelle)
Baldwin	Hanbidge
Batten	Harkness
Bell (Saint John-Albert)	Hees
Belzile	Henderson
Boulanger	Hicks
Brassard (Lapointe)	Hodgson
Broome	Horner (Acadia)
Browne (St. John's West)	Horner (Jasper-Edson)
Brunsden	Horner (The Battlefords)
Cadieu	Jones
Cardiff	Jorgenson
Cardin	Keays
Caron	Kennedy
Carter	Kindt
Casselman, Mrs.	Knowles
Cathers	Korchinski
Chambers	Leduc
Charlton	Legere
Chevrier	Lennard
Chown	Macdonnell
Churchill	MacInnis
Clancy	MacLean (Queens)
Clermont	MacLean (Winnipeg North Centre)
Coates	MacLellan
Comtois	Macquarrie
Cooper	MacRae
Crouse	McBain
Denis	McFarlane
Deschatelets	McGee
Diefenbaker	McGrath
Dinsdale	McIlraith
Drysdale	McIntosh
Dubois	McLennan
Dumas	McMillan
English	McPhillips
Fairfield	McQuillan
Fane	McWilliam
Fleming (Eglinton)	Mandziuk
Fleming (Okanagan-Revelstoke)	Martineau
Flemming (Royal)	Matthews
Forbes	Michaud
Fulton	Milligan
Granger	Mitchell
Grills	Montgomery
Gundlock	

Motions for Papers

More	Robinson
Morissette	Rogers
Morris	Rynard
Morton	Sevigny
Muir (Cape Breton North and Victoria)	Simpson
Muir (Lisgar)	Skoreyko
Murphy	Smallwood
Nasserden	Smith (Simcoe North)
Nielsen	Smith (Winnipeg North)
Nixon	Southam
Nowlan	Speakman
Nugent	Spencer
O'Hurley	Starr
Ormiston	Stearns
Pallett	Stefanson
Parizeau	Stewart
Pascoe	Tardif
Paul	Tassé
Pearson	Taylor
Phillips	Thomas
Pickersgill	Thrasher
Rapp	Tremblay
Regnier	Tucker
Ricard	Villeneuve
Richard (Kamouraska)	Walker
Richard (Ottawa East)	Webb
Robichaud	Weichel
	White—154.

DISCONTINUANCE OF STEEL STATISTICS

Motion No. 73—**Mr. Argue:**

For a copy of all correspondence and other documents exchanged between the government and any person, organization, or industry since January 1, 1960, regarding the discontinuance of publication of statistical material, relating to steel operating rates and steel producing capacity, by the dominion bureau of statistics.

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, this request for the production of correspondence between the government and others relating to a change in reporting of the statistics of weekly steel production raises an important issue in so far as the dominion bureau of statistics is concerned, because in the final analysis the effective operation of the dominion bureau of statistics must be based on the assumption by business, unions, individuals and all organizations that all information supplied to the dominion bureau of statistics is secret and available only to the bureau.

In this case I have been assured that the correspondence is very limited and is confined to a few letters from Canadian steel companies and the united steel workers of America. These relate only to the technical difficulty of calculating a meaningful rate of operation, and discussion of a change in the period on which to base an index of production. This information was given to the house on February 2, 1961 in answer to a previous question by the hon. member for Assiniboia.

For the protection of the confidence which the public places in the dominion bureau of statistics, I feel that I must take the view that tabling of correspondence of this nature is not in the public interest.

[Mr. Churchill.]

However, if the hon. member so desires, I have no objection to tabling my own correspondence, which is limited to letters between the national director for Canada of the united steel workers of America and myself, subject of course to my obtaining the approval for such action from the national director. I have written him asking for permission to table these documents and upon receipt of an affirmative reply will be pleased to do so.

Mr. Herridge: In view of the mover's explanation I accept the limitation.

Mr. Speaker: The minister was referring, I take it, to motion No. 73 standing in the name of the hon. member for Assiniboia?

Mr. Hees: That is right.

Mr. Speaker: Is the house prepared to accept this motion at the instance of the hon. member for Kootenay West?

Some hon. Members: Agreed.

Motion agreed to.

FEED MILL GRAIN PURCHASES OUTSIDE QUOTA

Motion No. 77—**Mr. Argue:**

For a copy of all correspondence, telegrams, instructions, and other documents exchanged between the Canadian wheat board and the federal government since January 1, 1960, in regard to feed mills being allowed to purchase grain outside the quota system.

Mr. Herridge: In view of the absence of the mover, would the minister allow this to stand?

Mr. Hamilton (Qu'Appelle): Yes, Mr. Speaker.

Motion stands.

FEED MILL GRAIN PURCHASE FORMS

Motion No. 83—**Mr. Pickersgill:**

For a copy of each form which feed mills in western Canada are required to file with the Canadian wheat board relating to purchases of grain from permit holders.

Motion agreed to.

1960 SERVICE AGREEMENT, JASPER PARK LODGE

Motion No. 84—**Mr. Fisher:**

For a copy of the agreement of service between the Canadian National hotels and the employees of Jasper Park lodge in 1960.

Mr. Winch: Would the government allow this to stand in the absence of the mover?

Mr. Speaker: In the absence of the hon. member for Port Arthur, is the government prepared to allow this motion to stand?

Mr. Balcer: Yes, Mr. Speaker.

Motion stands.

EXELBY CASE CORRESPONDENCE

Motion No. 85—**Mr. Pickersgill:**

For a copy of a letter addressed to the Minister of National Revenue on March 14th, 1961, by Mr. Harold B. Stevens of Shawinigan Falls, Quebec, re the C.B.C. and the Exelby case, together with a copy of the minister's reply to Mr. Stevens.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, ordinarily I would ask that this matter be considered privileged. I am not sure whether this came to me as a personal and confidential letter. I am advised by the hon. member for Bonavista-Twillingate that he has already received a copy of the letter, so I suspect the confidential character thereof has been largely dispelled. Therefore I am perfectly happy to accept this motion.

Motion agreed to.

BILL NO. C-70—BRIEFS AND SUBMISSIONS

Motion No. 87—**Mr. Howard:**

For a copy of all briefs and submissions presented to the government or any agency or branch thereof since February 17, 1961, dealing with Bill C-70.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, subject to the usual understanding under which documents of a confidential nature or documents which are ordinarily privileged will not be expected to be produced, we are prepared to accept this motion.

Mr. Speaker: Subject to the limitations expressed by the minister, is it the pleasure of the house to accept the motion?

Some hon. Members: Agreed.

Motion agreed to.

FINANCE

BANK OF CANADA—STATEMENT BY MINISTER AT CONSERVATIVE CONVENTION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I direct a question to the Minister of Finance arising out of a statement he is reported to have made at the Conservative convention last week to the effect that the Bank of Canada was responsible for monetary policy while the government was concerned with fiscal matters; that, however, since both fields offered an opportunity to deal with economic problems, their policies should be parallel and harmonious. My question is, will the minister assure the house the policies between the bank and the government on these matters are now parallel and harmonious?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the government's policy I think is well known in this regard, and the policy of the Bank of Canada in relation to monetary policy has been recently stated by the governor of the bank in his annual report which I tabled last Wednesday.

UNITED NATIONS

DISARMAMENT—BRIEFING OF CANADIAN DELEGATES

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the discussions at the prime ministers' conference, which I understand went into some detail on matters involving all phases of disarmament, will the Prime Minister assure us that those who are delegates at the United Nations will be briefed on the various motions which have been moved by the Prime Minister's strong left arm, the Secretary of State for External Affairs, in order to assist those who serve on the committee which I understand is soon going to meet on the motions moved by Canada?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I take it the hon. gentleman's experience at the United Nations would give him the answer to that question. The Canadian representatives including the parliamentary representatives are always well and fully briefed.

COAL

CAPE BRETON—REQUEST FOR REPORT ON OTTAWA MEETING

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I wish to direct a question to the Minister of Mines and Technical Surveys. Can the minister advise the house whether a meeting took place in Ottawa this morning between Premier Stanfield and representatives of the federal government to discuss the coal problems of Cape Breton and, if so, is the minister in a position to advise the house on the decisions reached at the meeting?

(Translation):

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, in reply to the hon. member for Gloucester, I must say that a meeting did take place in the office of my colleague, the Minister of National Revenue (Mr. Nowlan). There were present at this meeting the Nova Scotia premier, Mr. Stanfield, and two of his ministers, Mr. Manson, minister of mines, and Mr. Ferguson, minister of municipal affairs. The miners' union was represented by Mr. Marsh, president, and by Messrs. Delaney, Higgins and Dolhanty. The president of the dominion coal board and I also attended the meeting.

During that meeting, ideas and views were exchanged about the Rand report and the impending shut-down of three Cape Breton mines.

The various views which were expressed will no doubt lead to further discussions and exchange of ideas, and I have no other statement to make for the time being.

Mr. Robichaud: Mr. Speaker, I should like to ask a supplementary question. Can the minister tell the house if the representatives of the companies were invited to that meeting?

Mr. Comtois: No, Mr. Speaker.

(Text):

CAPE BRETON—EMPLOYMENT FOR WORKERS NOW EMPLOYED IN MINES

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): May I direct a question to the Minister of Mines and Technical Surveys. Will the minister advise the house whether he has received a telegram from the Cape Breton command of the Canadian Legion demanding that the federal and provincial governments see that no Nova Scotia coal mines are closed until suitable employment is available to all who are now employed in the mines? If so, what was the nature of the reply?

An hon. Member: Order paper.

(Translation):

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, I received that telegram a few minutes before coming to the house. I immediately acknowledged receipt of the telegram without making any comment.

(Text):

TRANSPORTATION

ROYAL COMMISSION—ANNOUNCEMENT RESPECTING FIRST VOLUME OF REPORT

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, on Friday last the hon. member for Assiniboia, as reported at page 3088 of *Hansard*, asked me this question:

> In view of the fact that so many important questions turn on the studies of the royal commission on transportation I wonder if the Prime Minister could inform the house when he expects to receive either the intermediate or the final report.

I am now advised by the assistant secretary to the royal commission that the chairman, Mr. MacPherson, has stated that the first volume of the findings of the royal commission on transportation will be available early in April.

FISHERIES

SEALS—REQUEST FOR INVESTIGATION INTO SLAUGHTER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to direct a question to the Minister of Northern Affairs and National Resources.

In view of the concern expressed by the Canadian federation of humane societies regarding the brutal and wasteful annual slaughter of some 300,000 seals on our northeast coast, the majority of which are only a few weeks old, and the senseless wounding of thousands of others, many of which are pregnant and nursing females which are left to die; and in view of the possibility that this indiscriminate slaughter may bring about the extinction of the seals very shortly, if allowed to continue, will the minister investigate this reported situation and present a report and proposals for the conservation of these seals to the house when his estimates are under discussion?

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, I want to thank the hon. member for bringing this matter to my attention. The harp seal is a very important source of edible oils, food and clothing for northern Canadians. I understand that hunting by foreign fishermen as well as native fishermen is allowed off the coast of Newfoundland. Because this matter has international implications, and because the direct management of fisheries comes under my colleague the Minister of Fisheries, I shall be happy to bring this problem to the attention of my colleague.

POWER

BEECHWOOD PROJECT—INQUIRY AS TO EXPORTATION TO THE UNITED STATES

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Has the government passed an order in council authorizing the export of power from the Beechwood project to the United States?

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, I will check into this and answer the hon. member tomorrow.

[*Later:*]

Mr. Hees: Mr. Speaker, I now have an answer for the hon. member for Laurier, who asked whether an order in council had been passed respecting the Beechwood power project. I have just received an answer from the national energy board. No order in council has been passed in this regard. The Beechwood hydroelectric power project is an operation of the New Brunswick electric power commission. That commission holds a licence under the ultimate authority of the national energy board to export interruptible power from its systems, which include Beechwood.

HEALTH AND WELFARE

YUKON TERRITORY—REPORTED IMPORTATION OF UNINSPECTED MEATS

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, may I direct a question to the Minister of Agriculture. On February 9 last I asked him a question concerning the unauthorized importation of meats into the Yukon from British Columbia, contrary to the Canada Meat Inspection Act, and in his absence his parliamentary secretary replied. Can the minister now say whether any action is being taken formally to enforce the provisions of the Canada Meat Inspection Act?

Hon. Alvin Hamilton (Minister of Agriculture): At the time the question was asked my parliamentary secretary indicated that several forms of investigation and action were being considered, and I have not had a report on that matter since. However, I think I can say that one aspect of the investigation has been turned over to the Department of Justice, and when I have anything further to report on this I will let the hon. member know.

HOUSING

C.M.H.C.—INQUIRY AS TO ADVERTISEMENT IN "GLOBE AND MAIL"

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Public Works, of which I gave him notice this morning. Does public offering C2 appearing as an advertisement on page 4 of today's *Globe and Mail* represent a new sales policy of Central Mortgage and Housing Corporation?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I want to thank the hon. member for giving me notice of his intention to ask this question. A full page advertisement in today's issue of the *Globe and Mail* does not reflect in any way a change in government lending policy. It was inserted and presumably paid for by a Toronto house building firm without prior discussion with representatives of Central Mortgage and Housing Corporation. Apart from learning after the fact the identity of the advertiser—

Mr. Pickersgill: I am rising on a point of order.

Mr. Walker: —neither the government nor the corporation has any knowledge of the matter.

Mr. Speaker: Order. The hon. member for Bonavista-Twillingate has a point of order.

Mr. Pickersgill: Your Honour will recall that on two previous occasions the hon. member for Nickel Belt (Mr. Godin) raised precisely similar questions about the same kind of advertising, and Your Honour ruled that questions about advertisements by private persons with respect to housing were private matters and not matters for interrogation in the house. I trust that the same rule will apply in this case.

Mr. Aiken: Mr. Speaker—

Mr. Speaker: The question was whether the advertisement represented a change in government policy. As I understood the answer of the minister it was that the department had no responsibility for the advertisement, which would exclude it from further discussion.

Mr. Pickersgill: And also from further answer.

(Translation):

AIR TRANSPORT

MATANE, QUE.—SUSPENSION OF SERVICE BY QUEBECAIR

On the orders of the day:

Mr. Alfred Belzile (Matapedia-Matane): Mr. Speaker, I should like to know whether the Minister of Transport is aware that Quebecair has discontinued its service at the municipal airport of Matane since the 11th of this month?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, on February 21 Quebecair applied to the air transport board for permission to suspend its regular service at Matane. Such authorization was granted March 9, 1961.

Mr. Belzile: Another question, Mr. Speaker. In view of the answer given by the minister, may I ask whether he knows that the only

reason put forward by the company to justify its decision is that the landing strips in Matane are not long enough to accommodate the modern aircraft it is now using?

Mr. Balcer: In fact, Mr. Speaker, Canadair—

Mr. Chevrier: Quebecair.

Mr. Balcer: We have been informed by Quebecair that it had to suspend its service because the landing strip at Matane airport was such that it could not accommodate aircraft like the F-27 and the 540 which the company is now using.

My hon. friend can rest assured that my officials and the Matane municipal council are seeking ways to improve the situation.

(Text):

NATIONAL DEFENCE

COMMONWEALTH CONFERENCE—PROVISION OF STAND-BY AIRCRAFT

On the orders of the day:

Mr. Frank Howard (Skeena): May I direct a question to the Minister of National Defence. I regret not having been able to give him notice. Can the minister indicate whether an aircraft, which I understand has the designation C-5, flew to London last week as a stand-by aircraft in order to ensure that the Prime Minister and other members of the delegation to the commonwealth prime ministers' conference could be back home at a particular time?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, I am not in a position to answer that question without having received notice. I shall be glad to look into the matter and let the hon. member know.

LONGUE POINTE ORDNANCE DEPOT, MONTREAL—PARKING CHARGE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Minister of National Defence. First of all may I point out that it is based on a French newspaper report and all I can say is "Pardon, je ne puis pas parler français". In view of the report in *Le Devoir* of March 16 to the effect that the car parking assessment at the Longue Pointe ordnance depot in Montreal has been increased from 20 to 50 cents so that a curling rink may be built for the use of certain personnel—

Mr. Speaker: Order. I question whether the urgency or importance of the matter of parking cars at the ordnance depot is sufficient to take the time of the house with an oral question. I would request the hon. member to put his question on the order paper.

[Mr. Belzile.]

Mr. Winch: Mr. Speaker, I should like to pursue the matter in view of what we know about what has taken place elsewhere. Now something has taken place at another depot.

Mr. Speaker: I am sorry, but I am still of the same view.

LABOUR CONDITIONS

THREATENED RAIL STRIKE—INQUIRY AS TO FURTHER TALKS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Prime Minister. On Wednesday of next week the House of Commons will rise for the Easter recess. In view of this fact, and in view of the fact that the legislation passed by parliament last fall to maintain the continuity of railway operations will expire in May, can the Prime Minister inform the house whether the government has any policy directed toward bringing the two parties together so there will not be any cessation of railway operations in the country?

Right Hon. J. G. Diefenbaker (Prime Minister): I do not think I can add anything to what was said at the time the bill which is now the law of the country was discussed. That legislation continues in existence until May 15. The hon. gentleman will recall it was anticipated that prior to that date there would be a report from the royal commission on transportation. Today I have advised the house that the chairman of that commission has informed us that the first volume of the report will be available early in April. After that report is received, naturally close consideration will be given to its nature and the government will then be in a position to bring before parliament such legislation or to take such course as may be deemed expedient or proper.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question in the light of the answer just given by the Prime Minister and the statement the Prime Minister made previously that he hoped there would be a resumption of negotiations between the brotherhoods on the one hand and the railways on the other. Can the Prime Minister inform the house what the position is at the present time with respect to these negotiations?

Mr. Diefenbaker: Mr. Speaker, they came together, they saw, they talked and they adjourned.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask a further supplementary question. Can the Prime Minister give the house an assurance that the first volume of the report of the royal commission on transportation, which is now to be available early in April, will have recommendations having a bearing on the dispute which brought about the threatened strike last November?

Mr. Diefenbaker: Mr. Speaker, naturally I, in common with all hon. members, will have to wait until that portion of the report is received to be able to give an answer to the hon. gentleman.

SUPPLY

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee of supply.

LABOUR CONDITIONS—EFFECT OF DOUBLE DEPRECIATION IN DEPRESSED AREAS

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, this traditional motion gives the opposition an opportunity to move a vote of no confidence, if it so desires, in connection with any matter concerning which the house in this session has not come to a decision.

With so much material available it is not easy to choose a particular vote of no confidence. In order to assist myself on this matter I thought it might be helpful if I looked at some of the resolutions and statements made at the recent Conservative convention, but I did not get very much help there. There was a resolution which might have been the subject for such a motion dealing with a distinctive Canadian national flag, on which the party decided that action should be taken as soon as possible, whereas our party has decided in convention that definite action on this matter is to be taken within two years of a general election.

Some hon. Members: Oh, oh.

Mr. Churchill: When will that be?

Mr. Pearson: Mr. Speaker, I feel that, in view of the discussion of this matter in the house on Friday I thought that observation should draw some reaction from the other side. I had also hoped that perhaps at this interesting meeting we might have got some indication of the date of the forthcoming election. We did not get much enlightenment on that subject. However, the Minister of Trade and Commerce, who made some strange statements indeed, according to the press said with regard to an election that "when the election does take place this is when you need workers out to sell a bill of goods on your behalf". This is an interesting approach to a general election.

If I may, with great respect, mention this Conservative meeting, it was undoubtedly the biggest and most expensive convention ever held by the Progressive Conservative party, but from all accounts it looks as though it was about the dullest as well and the one most completely dominated by those in control of the party.

An hon. Member: You are a dreamer.

Mr. Pearson: In that respect, and to show the contrast between the Conservative party on this side of the water and the Conservative party in Great Britain, may I quote from a reference in the London *Observer* of February 26 to a convention of the young Conservatives there at which a motion was moved in the following terms:

> The young Conservatives deplore the unctuous terms which preface so many of the resolutions submitted to the party annual conference.

In speaking to that resolution a member of the cabinet in the United Kingdom, the secretary of state for colonial affairs, Right Hon. Iain Macleod, had this to say, and I think this certainly applies to the resolutions of this particular meeting in Ottawa so far as we have been able to see them:

> The automatic and indiscriminate praise of performances which are often pedestrian is one of the dreariest features of annual conferences.

Mr. Hees: You are not doing badly now.

Mr. Pearson: I think that is a very apt reference with respect to the meeting that has just finished. The president of the national Progressive Conservative association of Canada was candid enough to say over the air last night in an interview, when he was questioned about the difficulties of the rank and file of the party making themselves heard, that "we cannot have every Tom, Dick and Harry taking over".

Mr. Pickersgill: Just John.

Mr. Pearson: We were informed by the press that 200 resolutions had been sent in before the convention opened. I thought I would get some help from that with regard to a non-confidence motion, but we were also informed that these 200 resolutions were all to be screened by the brass and only those that passed this scrutiny would get before the convention. According to the press this morning, 76 passed that scrutiny by the party managers and all 76 were passed Saturday morning in 75 minutes.

Mr. Anderson: They were like you. They ran out of time.

Mr. Pearson: That, Mr. Speaker, is Tory action but not democracy in action.

While the resolutions were not available, except those that had been screened and passed, we might have hoped that ministerial questions would give us on this side some idea of what was concerning the party and, perhaps, have provided some subjects for debate. There were questions, it is true, asked of the ministers, but again according to the press—and I am quoting now from the Ottawa *Journal*—the questions were written and screened by the seminar chairman. Oral questions from the floor were not allowed. This is in startling contrast to a convention held in this city in January.

Well, it is rather difficult to get any help from that kind of procedure. It is no wonder that the rank and file members of the party who came from all across Canada to attend this convention asked themselves "what did we come for?" Perhaps they came to talk into a box to the ministers.

Mr. Hees: Are you looking for a job?

Mr. Pearson: Having talked into this little box, then the recordings of the questions addressed to the ministers could have been sent to the national museum or to the archives. Perhaps they came for that purpose, or perhaps they came to have a good time, as was the answer given to this question by the *Globe and Mail* reporter, Mr. Walter Gray, this morning. He said they had won an election and now they were getting their reward. I quote:

—a trip to Ottawa, to rub shoulders with cabinet ministers and M.P.'s, to shake the hand of the Prime Minister, to be drawn into camaraderie with Tories from across the country. Who gives a darn about unemployment, nuclear weapons? Red China can go to the blazes. We're here to have a good time—

So, Mr. Speaker, the economic problems, unemployment, those things that are troubling the people of Canada today, were skipped except by those members of the government who abused the Liberals in intemperate and childish language because Liberals insisted upon bringing these nasty things before parliament.

Were any remedies to these problems suggested by the convention or by the ministers? No, not one. When they did dwell on these unhappy matters at all they spent their time caricaturing the position of the opposition. Having no remedies themselves, they jeered at the opposition because we dared to put forward some remedies in the House of Commons. They spent their time accusing us, in the words of the Minister of Trade and Commerce, who was a little more exuberant than usual at this meeting, of teen-age behaviour because we dared to talk about unemployment in the House of Commons.

Here is what the Minister of Trade and Commerce had to say, and of all the strange things he has said in the last few days this is the strangest. I shall quote from the *Globe and Mail* because his words are in quotation marks in that article. He refers to me and two of my colleagues by name, and these references were made to the applause of some 300 party supporters. He charged me with a particular kind of behaviour in the house when unemployment was mentioned, and these are the words attributed to him:

"It is something to disgust an honest Canadian," he declared. "They—

That includes me by name.

—are only interested in one thing, greater unemployment, because they think it enhances their chances of getting back into power—"

Mr. Hees: That is right.

Mr. Pearson: The minister now says "That is right". I can think of a three letter word to describe that kind of statement.

Some hon. Members: Use it.

Mr. Pearson: I shall content myself now by saying it is a slanderous, contemptible falsehood. If he does not like that reference he can get up and say so.

Mr. Speaker, these are the tactics we can now expect from a government that has no solution to offer; a government that is concealing its inefficiency and its own callous disregard of it. The government takes refuge in sensational, slanderous statements, and false statements as well, to conceal its own weaknesses, its own sins of omission in connection with this matter, by accusing its opponents of selling the country short, even of playing the communist game. There is a word for that kind of tactic which has entered into our language, and that word is "McCarthyism".

Mr. Hees: I rise on a question of privilege, Mr. Speaker. The Leader of the Opposition said I accused him of communist tactics. This is something I have never done. All I did was describe what we on this side of the house see on that side of the house, the obvious joy and satisfaction when the Minister of Labour announces increased unemployment figures. The opposition revel in them because they want more unemployment. They think it will get them back into power.

Mr. Pearson: I shall read again what the minister said.

It is something to disgust an honest Canadian—

Mr. Hees: That is right.

Mr. Pearson: I continue:

They—

And I was one of those he mentioned.

—are only interested in one thing, greater unemployment—

I say, Mr. Speaker, and I have said it in the house, that is a slanderous, malicious falsehood.

Mr. Hees: Well, Mr. Speaker, if I might rise once again—

Some hon. Members: Order.

Mr. Speaker: Is the minister rising on a question of privilege?

Mr. Hees: Yes, Mr. Speaker. The Leader of the Opposition is accusing me of slandering him. My suggestion to him is that when these announcements are made in the future the opposition should hide their feelings a little better and not let them be seen so easily.

Mr. Pearson: I say again that when the minister, who should know better since he is a minister of the crown, accuses me of being interested in only one thing, greater unemployment so that I can get back into power, that is a slanderous falsehood. I have repeated it as often as I could. His is the old gimmick of the demagogue.

Now, Mr. Speaker, the Prime Minister also had something to say at this convention. He told us that the next election was going to be fought on the issue of free enterprise. The Prime Minister did not return until Friday, so perhaps he was not informed or had forgotten about the fact that a resolution was put forward on Thursday by young Conservatives advocating free enterprise. The resolution could only get 12 votes in this great convention. It was smashingly defeated, and only received 12 votes.

Mr. Fleming (Eglinton): Tell the whole story.

Mr. Pearson: This is the party that is now going to stand for free enterprise, free enterprise which extends so far that it is going to turn monetary policy over to the Bank of Canada and abdicate all responsibility in that particular field. The Prime Minister spoke for 40 minutes. He was more fortunate than I on a similar occasion. He spoke for over half an hour doing the people of Canada out of a very interesting television program.

Mr. Hees: The Prime Minister made a good speech.

Mr. Pearson: Yes. The Prime Minister made reference to Buckingham palace; he made reference to Sir John A. Macdonald, and he made reference to the new frontier which President Kennedy has now stolen from him. We have enough trouble now with the United States, and I hope this plagiarism will not be an additional grievance between our two countries.

The Prime Minister had a great deal to say about the rights of Africans and the rights of Asians, but he had nothing to say about the three quarters of a million men and women out of work in this country. The Prime Minister was able to speak for 40 minutes but the word "unemployment" was mentioned by him once as part of the title of the unemployment insurance fund. He said nothing about the economy, and nothing about unemployment. He mentioned nothing about the problems with which we are faced except to attack the Liberal position in regard to them and to unemployment. I ask the Prime Minister what kind of a report to the nation on domestic affairs is that kind of statement.

We have this situation in the House of Commons now every time we try to raise this question of unemployment. They say they are bad words; unemployment, recession and depressed areas, and they must not be raised. If we raise them we are liable to be accused of playing the communist game or selling the country short. They give the impression that it is far more important to discredit the Canadian Broadcasting Corporation and an unemployed participant in a program, and thereby to discredit all efforts to underline the seriousness of this unemployment problem, than to deal with it. This is the type of dreary and cheap tactics they use.

The Prime Minister indulged in them on another front. The Prime Minister stated that when he was in the United Kingdom he was worried to find the people over there concerned about the economic situation in Canada; that is a situation when in January 11 per cent of our labour force were out of work compared to 1.8 per cent of the labour force of the United Kingdom. He said that he found the people of the United Kingdom worried about the situation in Canada, and that the blame for that worry was to be attached to the speeches made by the opposition in this House of Commons.

Whose fault is it that the magazine *Economist* is worried; that the London *Times* has expressed worry; that the *Financial Times* has expressed worry, and that the Manchester *Guardian* has expressed this worry? Whose fault is it that this worry has extended across the Atlantic? The government says it is the fault of the speeches made by the Liberals in this House of Commons. This is a great tribute to the influence we exercise through our speeches and I suppose we should be grateful to the Prime Minister for it. But it is nonsense to suggest that these citizens in the United Kingdom are worried about the

state of affairs in Canada because of the fact that we on this side bring these matters to the attention of the house, as we shall continue to do on every possible occasion.

The Prime Minister went on to say—I cannot quote him exactly because I have been unable to get a text of what he said, but I think he will agree that I am not misrepresenting him—that when they were in opposition they never criticized in the way we are criticizing now; that they never exaggerated for political purposes, the difficulties that faced the country, and that they never sold the country short when they were in opposition.

Mr. Fleming (Eglinton): Hear, hear.

Mr. Pearson: The Minister of Finance says "Hear, hear". This is just another example of the tendency of hon. gentlemen opposite to be, if not hostile to the facts, apathetic about them. They say they never criticized, as we on this side do now. Let me just refer you to a few statements made in 1955 and 1956 to indicate the incredible effrontery of those men then in oppositon, now in government, in talking like this.

On March 15, 1955, at page 2035 of *Hansard*, at a time when the unemployment ratio in this country was just about half of what it is now and at a time when, within a few months, employment went up to normal and unemployment went down to normal, the Prime Minister talked about the "hopeless picture"—those were the words he used—the situation which he viewed with great alarm. He also referred to "the serious situation" for which there was little hope. Those statements were made in 1955 by the gentlemen opposite who say they never talked like that when they were on this side in opposition. The fact is, Mr. Speaker, that—

> —if we continue to deliberately delude ourselves concerning the unemployment situation, we shall bring about a fear complex in this country which will have serious results in the future.

But who used these words? That statement was made by the present Prime Minister on March 15, 1955. So, I repeat, it is the job of the opposition to try to penetrate the ivory tower atmosphere which it seems keeps the government out of contact with reality and makes them unaware of what is really going on in the country. That is a very sensible observation and I suggest that it must be, because the words were used by the present Minister of Trade and Commerce on March 3, 1955.

Mr. Hees: You are talking about different people.

Mr. Pearson: I hear the remark "You are talking about different people". We certainly are talking about different people and about a different level of unemployment, as shown by the comparison of 11 per cent unemployed now to the 6.7 per cent unemployed at the time the statement was made. I wonder what the hon. gentlemen opposite will say tomorrow or the next day when the unemployment figures for February are brought forward. The Minister of Trade and Commerce will be busy looking for a trace of a smile—

Mr. Hees: You do not have to look very far for this smile; you need just look across to the faces of the opposition.

Mr. Pearson: The Minister of Trade and Commerce will then find out what is happening in this country, and will then travel around talking not about it but about the imaginary smiles on the faces of members on this side.

No better proof that this government is indeed blind to the realities of the employment and economic picture in this country can be found than in the proceedings of their recent convention and in the proceedings in this house in the last three years, when they have blamed everybody but themselves for everything that has gone wrong. The Minister of Finance in his contribution to these calculated questions and answers the other day—he had an opportunity to see them because they were all sent in writing, a democratic procedure—talked about the mess that they inherited in 1957, a mess which he referred to on January 6 in Toronto, as at a period of unprecedented economic expansion but which now seems something else in the opinion of hon. members opposite. From a less prejudiced source, the deputy minister of trade and commerce, we have heard it referred to most recently as "the fabulous fifties".

That is the mess that the Minister of Finance inherited from us. That is the mess from 1956, when from 1946 to 1956 the average unemployment in this country over that period was 3.1 per cent, when from 1957 to 1960 the average unemployment was 6.2 per cent, exactly double. That is the mess, when the gross national product per capita in constant dollars from 1949 to 1956 increased 22 per cent, and from 1956 to 1960 went down 5 per cent. That is the mess that the hon. gentleman inherited from us.

The unemployment figures, of course, speak for themselves. The unemployment insurance fund speaks for itself. The budgetary deficits speak for themselves. The maximum level of government expenditures speak for themselves. All these are things that constitute in the mind of the Minister of Finance a happy contrast between the situation of today and the mess of 1946 to 1956.

There are, of course, at the present time—and I know this is going to disappoint the Minister of Trade and Commerce, who does not like to have such references made on this side of the house because it takes away some of his thunder—some signs of improvement. The resumption of inventory accumulation will soon begin. It may well be that in the second and third quarter—I have said this outside the house and I am very glad indeed to say it inside the house—we will get out of the trough of this recession in the summer and will begin to move up in the autumn. It may be, and every hon. member on this side hopes that it will be, that by the end of this year we will be out of this particular recession which in the minds of hon. gentlemen opposite never existed. How they are going to be able to take credit if that happens I do not know. "We got you out of the recession, but six months ago we said there was not any recession". They are pretty agile, however, at that kind of illogicality. Nevertheless, if and when this particular recession ends, the unemployment problem of this country—I mentioned this the other day and I make no apology for mentioning it again—will not end with it because the hard core of unemployment between recessions, between pauses or whatever you want to call them, is increasing, and each recession and each pause is worse than the one which preceded it.

Why, then, does the government flatly refuse to recognize it? We recognize it. We will continue to bring this danger and this difficulty to the attention of the house. The demagogic outbursts of ministers outside or inside the house are not going to stop us, any more than they are going to impress people outside the house—

Mr. Hees: So there.

Mr. Pearson: —except perhaps when the Minister of Trade and Commerce speaks to Conservative ladies. The governor of the Bank of Canada, who is a gentleman with whose views I do not always agree, recognizes the seriousness of the situation and the necessity for strong and co-ordinated action to deal with it. If hon. gentlemen will read—if they have not already read, and perhaps most of them have—pages 22 and 23 of his report—

Mr. Fleming (Eglinton): Mr. Speaker, I rise on a point of order. My motion to resolve the house into committee of supply is, as the Leader of the Opposition has himself recognized, an occasion when hon. members may raise grievances. However, it is a fundamental rule in relation to this type of debate that only one grievance at a time may be raised. When one matter is introduced as a grievance, then before a second one may be introduced other hon. members who wish to speak on the first one are to be heard before the second one is raised.

Mr. Pickersgill: Where did you find that rule?

Mr. Fleming (Eglinton): All we have heard so far has been a sort of blunderbuss attack on everything imaginable. I gather from the remarks of the Leader of the Opposition up to this point that his grievance is what was said by certain persons at the recent annual meeting of the Progressive Conservative party of Canada. If that is a proper subject for grievance then I presume the Leader of the Opposition will have an amendment to introduce on that subject and other hon. members who may wish to speak on it will have the opportunity of doing so. But in my respectful submission it is completely out of order and an abuse of the privilege that the Leader of the Opposition has of leading off in a debate of this kind for him to engage in an omnibus discussion of a dozen or more subjects. This is completely out of order.

We had an example of this attempted by the opposition on a previous occcasion. It was during either the 1960 or the 1959 session of parliament. If I remember correctly, at that time, Mr. Speaker, you pointed out that this kind of omnibus attack on everything is not in order on a motion to resolve the house into committee of supply. It must rest with the hon. gentleman to indicate his grievance and introduce whatever amendment he chooses in that regard. He must discuss his grievance and not engage in a debate as though this were a budget debate or a debate on the speech from the throne.

I think the rule is quite clear in this respect, and it is perfectly obvious that it is being broken in a most wholesale manner this afternoon.

Mr. Pickersgill: Cite the rule.

Mr. Pearson: Mr. Speaker, I am grateful to my hon. friend the Minister of Finance for having intervened in this way and given me a chance to get my second wind. There is nothing to his point of order, but I should like to speak to it.

Mr. Speaker: I should like to hear the Leader of the Opposition on the point of order, because I think there is a point to be answered.

Mr. Pearson: On the point of order, Mr. Speaker, I am prepared to submit a no confidence motion which will deal with one particular aspect of our economic and employment difficulties. I am building up a case to show the seriousness of this particular problem. I am pointing out that a convention of the

Conservative party which met last week, which might have thrown some light on this problem, resulted in absolutely nothing being done. I am now pointing out that the governor of the Bank of Canada, in his report which was tabled last week, referred to this particular aspect of our employment problem—

Mr. Fleming (Eglinton): Which aspect?

Mr. Pearson: —and in due course I will move a motion of no confidence dealing with that particular problem. Surely I am to be permitted some time—and the hon. gentleman ought to know this—before I move my motion. I have been talking about unemployment—

An hon. Member: And the flag.

Mr. Pearson: —and the seriousness of that unemployment. I propose to move a motion on one aspect of that as soon as I am given the opportunity.

Mr. Speaker: There are some limitations even to debate on a motion to go into committee of supply. As has been pointed out by the Minister of Finance, the customary practice in grievance procedure is to indicate a grievance and then to deal with it. That is one limitation. There is also the limitation against the repetition of previous amendments made on supply or on any other motion on which the house has come to a decision. The Leader of the Opposition recognized this when he opened his remarks.

I have been looking at the decisions taken by the house. The first decision was on the address in reply to the speech from the throne, where this amendment was moved and negatived:

> This house regrets that Your Excellency's advisers have failed to implement their election promises through refusal to undertake the economic and social planning necessary to provide full employment, a stable and prosperous agricultural community, and an adequate social security system.

I think that was a general debate on the subject of unemployment. Then I recall that one of the amendments on the two previous supply motions dealt with monetary policy, so those two subjects at least have been circumscribed. I have listened carefully to the Leader of the Opposition. While I expected a certain amount of general discussion as he was getting his argument focused on the subject he intended to deal with, it seemed that after he had dealt with the convention of last week he skipped through unemployment in general terms and is now on monetary policy.

I believe that if the Leader of the Opposition has a specific amendment he should come to the point, so as to put some proper limit on this debate for those who have to follow. If he does not do so there is no limit for any other speaker.

Mr. Fleming (Eglinton): Mr. Speaker, on the point of order may I say this. There is the further point that other hon. members of this house are entitled to make submissions to you if in their judgment the remarks of the Leader of the Opposition (Mr. Pearson) trespass on subjects on which the house has already declared itself at this session and some of the matters to which you have already referred. As long as the Leader of the Opposition goes on hiding whatever his grievance is under a mass of verbiage and these general accusations it is impossible to perform that duty.

It is quite clear that this kind of speech can go on and on and then the Leader of the Opposition can introduce an amendment which you might then rule out of order; but the hon. member already has his speech on the record and it has served his purpose. I therefore urge that you call upon the Leader of the Opposition to follow the proper course in this house, to state his grievance and then to address himself to that subject if it is in order under the rules of the house.

Mr. Pickersgill: We have another ruling now.

Mr. Speaker: I cannot very well instruct the Leader of the Opposition how to make his speech but I can and I think I should say this. The hon. member's speech thus far has been, I think, too broadly discursive having regard to the previous discussions. If he is laying a foundation for a specific subject I feel he ought to come to it.

Mr. Pearson: Mr. Speaker, I will do my best to make my observations on this subject a little more limited. I recognize, of course, the authority of the Minister of Finance to give advice on anything that deals with a mass of verbiage and general accusations. I shall try to follow your advice, Mr. Speaker; and I shall begin by telling you, sir, that what I propose to do is to show that in this whole unemployment situation the most difficult and dangerous aspect of it is the development in this country of chronic unemployment, of depressed areas and regional unemployment. I propose to spend the rest of my time dealing with that particular aspect of the problem on which the house has not this session taken any decision; and at the end of my reference to this particular aspect of unemployment I propose to introduce a motion that will cover that problem alone.

The governor of the Bank of Canada in his annual report had something to say on

the subject of chronic unemployment of depressed areas and the regional nature of our unemployment. He showed in that report—as indeed other authorities have shown—an awareness of the seriousness of that particular problem. The governor had this to say as found at pages 22 and 23 of his report, and this has a bearing on this problem:

> Monetary expansion may play a part when it occurs in conjunction with a broad sweep of other programs of a more specific kind directed toward solving the problems in question. By itself, however, the creation of more and more money could do little toward achieving the objective.

Unemployment in Canada like economic expansion in Canada, as has so often been said in this house, has an uneven regional aspect. When there is general expansion in the country the regional incidence of unemployment is not too apparent but in years of recession or of pause, it then stands out. Since 1957 we on this side of the house have raised in this chamber this regional problem. We have pleaded for a more flexible and more selective formulation of national policies to deal with it.

The problem about which I am talking, that of chronic unemployment of depressed areas, was brilliantly analysed by Professor Judek for the Senate committee on manpower and employment in a report which he submitted to that committee on February 2 of this year. The report is entitled "Labour Surplus Market Areas". I should like to think that the Prime Minister and other hon. gentlemen opposite have studied it; but the attitude of the government toward this problem would indicate that if hon. gentlemen opposite have indeed studied it they have not accepted any of Professor Judek's recommendations to deal with it.

As a matter of fact, it is known now of course that for several sessions the attitude of the government toward this problem of depressed areas has been to deny its existence and to attack and pillory us on this side because we kept bringing it to their attention as I am attempting to do today. Then, three and half years after the election and three and half months after the announcement by the Minister of Finance last December that the government was going to take some action, they brought in some regulations. We were told that these regulations were designed to meet this particular problem. Presumably they are a part of that massive attack on unemployment to which the Minister of Labour (Mr. Starr) referred to the other day, an attack so massive that there are still 700,000 or more Canadians in this country suffering from unemployment.

However, the government announcement which I believe was made last December and the government regulations brought in by the Minister of Labour a few days ago do indicate at least some recognition that the problem does at least exist. Hon. gentlemen opposite must have not discarded their blinkers but—and we can take some satisfaction out of this—they are beginning at last to look around them. They have stopped denying that there is any chronic unemployment to attack; and so we have these government proposals which could have been brought in by order in council any time since last December, notwithstanding what the Minister of Finance has said about this matter. We on this side of the house have already stated our opinion about these regulations. We consider them to be ludicrously inadequate, confused and restrictive.

In these regulations the responsibility for initiating action looking toward assistance has been abdicated by the government—we were told the other day in the name of democracy—and turned over to the municipalities themselves. From what we heard the other day, presumably it was humiliating for the government to designate an area as an area of surplus labour or a depressed area. It was not humiliating for similar action to be taken by the democractic governments of the United Kingdom, the United States, France, Scandinavia and Belgium. In this country presumably we are in this respect more democratic.

Under these regulations the government says to an area or a municipality, in effect: designate yourself, if you so desire, as depressed and then we will decide, by attempting to apply our inadequate criteria, whether you really are depressed and are to receive any special help under these regulations. If not, you are a self-designated depressed area and without help from us. If the municipalities go through this preliminary stage of designating themselves as depressed areas and submitting themselves to the examination of the government in respect of its criteria, what help will they receive under these regulations?

Here is where the labouring mountain really brought forth an abortive mouse. We on this side have already pointed out in this house that the criteria concerned are uncertain, confused and restrictive. They deal with areas having under 10,000 workers and with areas having over 10,000 workers. As far as the first category is concerned the regulations will be quite unworkable because the statistics required over the period in question, which I believe is eight years, are not readily available. If we are wrong in this matter will the Minister of Labour or some other minister—we do not even know which minister will be responsible for this matter—tell us how these regulations will be applied

to this particular situation and where and how, if he is trying to apply the regulations, the minister will get the detailed information required for the eight years.

As far as communities of over 10,000 are concerned the regulations are obvious and excessively rigid and inflexible. They cover a period of eight years, four of which were ones of great expansion. To qualify under these circumstances a region must have had 6 per cent or 7 per cent of unemployment during 36 of the 48 summer months and employment must have actually declined during that period. These regulations are startling in their contrast with those adopted in other countries which earlier have recognized and tried to do something about the situation, particularly the United Kingdom and the United States of America, the senate of which passed a very important bill dealing with this matter on Friday of last week, I think. Indeed, Mr. Speaker, these regulations have very little relationship to these criteria suggested by Professor Judek at page 532 of his report, and which we would commend to the government as being much more helpful and effective for depressed areas.

If you do qualify under this criteria what help do you get? You get double depreciation for a new industry moving into a depressed area for one year only, one of the first three years.

Mr. Churchill: On a point of order, I draw Your Honour's attention to the fact that on March 3 a motion to adjourn the house was moved for the express purpose of debating the subject which is now being discussed by the Leader of the Opposition. We set aside the business of the house on that occasion, which was to be consideration of the estimates of the Department of Agriculture, in order to permit a debate on this very question. Now we are having a repetition of the statements made by the Leader of the Opposition on March 3. I suggest that he is completely out of order in the remarks he is now making.

Mr. Speaker: I am sorry that I cannot accept that argument because, as the leader of the house will recall, the debate was on a motion to adjourn and no decision of the house was taken. It is not in order to revert to a subject that has been debated provided the house has taken a decision. There is a worse obstacle to the course which the Leader of the Opposition is following in the amendments which have already been moved relating to unemployment; but of course I do not now prejudge the amendment he has in mind.

Mr. Pearson: Mr. Speaker, had the house leader been listening at the beginning of my remarks he would have known that I then pointed out that I would be out of order if I dealt with a matter which had been decided at this session.

Mr. Churchill: It is repetition and there is a rule against that.

Mr. Pearson: This matter was not decided and it is not against the rules to talk about it. The house leader should have known that instead of interrupting me in this way.

What kind of help do the designated depressed areas in the country get under these regulations? As I pointed out, they get double depreciation for one year only of the first three, this help to apply only if a new industry makes substantial profits over one of the first three years, something which is not likely in that period of time in a depressed area. The tax reductions during that one year are to be offset later by higher taxes. That is the situation, Mr. Speaker, so far as help to the depressed areas of this country is concerned. These minor, uncertain, illusory tax benefits are supposed to be an incentive for manufacturers to move into a depressed area. It is no wonder that on March 18 the *Financial Post* wrote as follows:

> We find it difficult to believe that the government could seriously consider the new regulation as a genuine tax incentive.

Indeed, these new regulations are a farce in so far as they are a part of that massive attack on unemployment that the Minister of Labour talked about. Oh, they may have some use. We hope they may attract some industry into the depressed areas, if those depressed areas can meet these confused and restrictive criteria; but as to being a massive attack on unemployment, they do not make sense. Perhaps the Prime Minister or some member of his cabinet will tell us how much work is likely to be created in this period of high unemployment by this kind of regulation which has been described in these terms by the *Financial Post.*

I will put another paragraph from the *Financial Post* on record. It reads:

> We will not be surprised if the new regulation provides more employment in the civil service in Ottawa than it does in the depressed areas of the country.

Let the Minister of Trade and Commerce rub his hands, put on his cheerleader's hat and give us a pep talk on this governmental triumph, this massive attack on unemployment. What we need, Mr. Speaker, is something a little more impressive than this kind of sham attack.

Leaving out general policies created for expansion, which would affect the depressed areas—but I would be out of order if I talked about them, Mr. Speaker—may I mention

what we think are the special measures which should be taken at this time for this special problem? Not all of these matters can be applied in the same way to all areas of surplus labour. At our convention in January, when we dealt with these matters, we said this and I quote from the resolution:

> A new Liberal government would co-operate with provinces and municipalities in providing tax incentives to encourage industries to locate in such areas.

This is not the kind of miniscule tax incentive which is in these regulations in their present form.

Mr. Fulton: Did the Leader of the Opposition ever define his?

Mr. Pearson: I will begin to do that if my hon. friend will possess his soul in patience. I go on to read from our resolution:

> It would see that more credit is available to business in these areas. It would help to finance power, transport and other basic economic developments. Through programs for urban and rural rehabilitation, it would see that both credit for private business and money for public improvement are readily available.

On July 29, 1960 I had this to say in the House of Commons, as reported at page 7320 of *Hansard*:

> If we want as a nation to deal effectively with the employment problem and at the same time to minimize the expenditure of public funds, we must arrive at a regional formulation of certain national policies, and in order to arrive at such a formulation we must know in greater detail and much more concretely than we do now the different structures and the peculiar behaviour of our economic regions.

We have made proposals in this house, Mr. Speaker. We made them on May 3, 1960, in 1959 and in 1958 to deal with this question of chronic unemployment in depressed areas. I am going to sum up the position we have taken over recent years in this matter by putting these proposals on *Hansard* at this time in the form of a six-point program for areas of chronic and serious unemployment:

1. An area rehabilitation agency should be set up within the federal government to implement, in co-operation with provincial and local authorities, an over-all program of economic assistance to the depressed areas of our country. That agency of the federal government should designate under the responsibility of the federal government such areas on the basis of suitable criteria and carry out detailed and concrete studies of their economies. The criteria for this purpose would not be these of the regulations put forward by the Minister of Labour which in our view do not go far enough, but would be much closer to the criteria laid down in the report of Professor Judek.

2. A flexible fiscal policy should be adapted to the specific needs of those areas which may require special encouragement to develop their primary resources, to establish new secondary manufacturing industries, to improve their transportation facilities or to increase their export trade.

To be more specific on this point, Mr. Speaker, such a flexible policy could include (a) capital grants for development, such as the Atlantic provinces development fund, which we have advocated for some time; (b) tax incentives such as temporary tax exemptions or concessions for distressed areas, to apply not only to new industries moving in, but to the expansion and modernization of industries already in the areas; (c) special consideration for distressed areas in public works programs; (d) special consideration for such areas in winter works programs, with the federal share of the cost extended to include cost of materials as well as labour costs.

3. Easier credit facilities should be made available to depressed areas. For that purpose the industrial development bank should be separated from the Bank of Canada and operated vigorously to provide capital assistance for depressed areas, a proposal which we have made time and time again inside and outside the house.

4. Special training and retraining programs should be implemented in order to prepare the workers displaced by declining industry for new or expanding industries. These programs should be closely related to the requirements of redevelopment projects and unemployed persons should be given allowances for these retraining programs.

5. Special urban renewal measures should be implemented to clear blighted areas for new industry or housing, with a municipal development fund set up to facilitate the financing of the municipal share of these measures. The federal government should increase from the present 50 per cent level its share in the cost of clearing blighted areas in depressed regions for any appropriate use, whether it be for housing, commerce, industry, transport or for open spaces. It should extend its contribution to cover the cost of renewing and improving basic services such as water, sewers and streets in the redeveloped areas.

6. The rural development program proposed by the Senate committee on land use in 1960 should be closely integrated with the over-all national policy for depressed areas.

I believe that this six-point program is desirable, comprehensive and responsible. It recognizes—as other countries such as the United Kingdom, the United States, France, Belgium and the Scandinavian countries have

already recognized—that the problem of depressed areas is a special one and requires special treatment adapted, of course, to Canadian needs and conditions. It is in line with the recommendations made by experts in this field such as Professor Judek whom I have mentioned and Professor Cairncross of the United Kingdom. Incidentally, Mr. Speaker, it is significant that Professor Cairncross, a well known British economist, who was appointed by the present Minister of Forestry, (Mr. Flemming) and the other premiers of the Atlantic provinces to make a study of the economic problems of that region, has come out in his report with two major proposals which we on this side of the house made over a year ago. The first one has to do with the encouragement of secondary manufacturing industries through tax incentives, which I mentioned again this afternoon, and the other envisages the reorientation of the industrial development bank for regional purposes, which I also mentioned this afternoon. So I hope that during this discussion the Minister of Forestry will tell us what he now thinks of those proposals.

Finally, Mr. Speaker, the proposals I have made are supported by the presentation made by the Canadian Federation of Mayors and Municipalities to the Senate committee on manpower and employment on February 15 of this year, I believe. It is supported also by the Atlantic provinces economic council. We on this side believe—and we reiterate our belief which we have expressed many times—that such a program as this one is needed in Canada at this present time of unemployment emergency. We also believe that the measures implemented by the government to assist in the solution of this problem, the regulations already brought down by the government as a solution to the problem are unworkable and too restrictive and that they will be ineffective. Therefore, Mr. Speaker, I have the honour to move, seconded by the hon. member for Fort William (Mr. Badanai):

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

"this house is of the opinion that the provision for double depreciation announced last December will prove ineffective in dealing with the problems of depressed areas, and regrets that the government has imposed the responsibility for the designation of such areas on the municipalities, and that the definition of depressed areas is too restrictive."

Mr. Speaker: In the absence of any objection I propose to put the amendment moved by the Leader of the Opposition (Mr. Pearson).

Mr. Walter Pitman (Peterborough): Mr. Speaker, in rising to speak on the amendment I should like to refer to the interesting comments of the Leader of the Opposition (Mr. Pearson) on the meeting that was held in Ottawa last week. What does interest the group in this corner is the fact that the Leader of the Opposition was able to discern so easily a party which he felt was centred at the top.

If I may paraphrase the words of the Prime Minister (Mr. Diefenbaker), "You ain't seen nothin' yet". I suggest that next July there will be a real meeting here in Ottawa and that at that meeting you will see the rank and file in action. You will see something new in Canadian politics. Not only will the resolutions come from below but the money will come from below too.

An hon. Member: Below the border?

Mr. Pitman: The people who paid for the party will be making the resolutions and they will be accepted as policies. There will be no equivocation about whether any resolution represents exactly the policy of the new party. We will take these resolutions as representing our policies. I suggest too that these policies will be decided upon by people who have been sitting in living rooms over the last two years discussing, thinking and reacting to the problems of Canadian politics. The session of the house may not be over in July but I hope that it will be over and that hon. members will remain in Ottawa because we invite all of you to come and watch a real political rally in action here in the city of Ottawa. I can assure you that no matter what the gentlemen of the press have to say about the rally they will not say it is uninteresting.

I note, Mr. Speaker, that some hon. members including the Prime Minister are still talking about free enterprise and doctrinaire socialism. I hope that this will be one of the things we will try to bring into focus before the Canadian people next July. Surely, Mr. Speaker, we have need in Canada to talk about these things. I must admit, though, I find it rather difficult to understand what our friends to the left mean by planning with a capital "P". After the convention was over I noticed that somebody was asked if they expected the leaders of business to lose any initiative because of this planning. He said, no. Just how you plan from the bottom, I am not quite sure. Nevertheless, this is evidently to be the plan. May I say that next July you will have a real party of the left; and let me assure you that plenty will be heard from this political sector in the near future.

I was rather concerned, too, about the fact that our friends to the left found themselves in a dilemma in British Columbia. However, I am sure the rules would not allow me to go into that aspect of their policy, as a result of which they divided and supported a bill which negated the political rights of a large section of the people.

The last few months have been an incredible experience for all of us. Last November when we came here we expected this government would make an all-out attack on unemployment. After we arrived we discovered that really there had merely been a change in the timetable and we were only here six weeks earlier because this session was not concerned with unemployment at all. In fact, the word "unemployment" was not to be mentioned. We discovered in November that the government was quite willing to put through a number of long term measures. We have congratulated the government upon their measure connected with loans to small businesses and upon their housing policy. However, what we on this side of the house expected was an immediate attack upon unemployment, one which would drastically reduce the number of people who were unemployed. I am afraid we cannot congratulate the government upon this feature of their policy.

One snowy evening last December we came into this house expecting to hear the Minister of Finance (Mr. Fleming) give us some hope. We thought possibly some gigantic expansion of the public sector would be revealed. We expected some unusual tax cuts in order to give the people of this nation greater purchasing power. What did we find? We found very little, merely this double depreciation for one year to new industries moving into areas in which there are a number of people unemployed. By this time we were grasping at straws. We waited and hoped that this measure would do something for those areas in which the people today are living without much hope. We waited. I am reminded by this thought that about an hour ago spring came to Canada. Winter is over. It is too bad that winter unemployment cannot be over, too. Winter is over, and the government has survived. However, unemployment remains. There has been no storming of the ramparts by those who are on relief. So far as this government is concerned they have survived the winter.

However, as I have said, we waited and grasped at this straw hoping that it would do something for those areas in which unemployment was chronic. We waited with patience from December 3 until March 2 in the hope that some announcement would be made which would enable us to go back to our constituents and say, "See what the government of Canada is going to do in order to move industry into this area and in order to create a growing, healthy economy." On March 2 the Minister of Labour (Mr. Starr) did rise in his place and reveal that this delay was unnecessary. There was no reason for this delay because there was no real problem to be solved. However, by this time the government had conceded that unemployment was present. During the early part of the winter the government did not regard unemployment as very serious; indeed, in their view there was no crisis at all.

On March 2 we discovered that in areas of over 10,000 which had had considerable unemployment during the summer months from 1953 onward, some help would be given and in areas in which the labour force was under 10,000 certain other measures had been suggested. These areas will be called surplus manpower areas. Certainly, this description, "surplus manpower areas" is ironic. Distressed areas are out of the picture and the term "depressed areas" is unacceptable. We call them "surplus manpower areas". I am certainly glad to know that at least one government on this continent is willing to call a spade a spade. I believe that when we call these areas "surplus manpower areas", we are only adding to the confusion.

When the Minister of Labour rose to outline his method for reducing unemployment I noticed that he gave us a few examples. I believe mention was made of Elliot Lake, Springhill and some places in Cape Breton. However, not a single secondary manufacturing area was mentioned. I would suggest that this is perhaps one of the most serious lacks in this particular policy. What is so magical about 1953? Is everyone in Canada who is receiving unemployment insurance benefits dated back to 1953 suddenly going to disappear? I do not believe so. Why do we talk about 1953? Surely this government realizes that in a secondary manufacturing area you can have an immediate crisis resulting from a simple change in trading policy or from some technological change. The whole manpower situation can be quickly changed.

I could suggest that in the city of Peterborough, for example, there was considerable employment in 1957; that is nearly four years ago. We are now going back to 1953, a time when there was absolutely no unemployment whatever in many areas now suffering. I suggest that the measure advocated by the minister takes no account whatever of the particular problems of secondary manufacturing areas such as Windsor and Cornwall. It does not take into account the different kinds of unemployment. Why do we turn to the summer months? Does this government believe the only real problem is seasonal unemployment? Does the government believe you need not worry about what happens in the winter as long as you can get by? We realize that seasonal unemployment is here, but it is only a very small part of this problem.

In many areas, there is the matter of structural unemployment. There have been tremendous changes in the uses of certain products. There have been great trade differences. As a result of these things, you have a large number of unemployed emerging very quickly. The emergence of this large number probably goes no farther back than 1958 or 1959. The measure put forward by the minister takes no account of one of the main causes of unemployment, as a result of technological change; I refer to the problem of automation. This problem has been developing for a small number of years. Indeed, the developments that have taken place in Peterborough in two years have been tremendous and have had a tremendous effect upon the labouring force.

I would suggest that the selection of 1953 as some kind of magical date is unrealistic and unacceptable. The government waits until spring comes, and I suppose we shall soon be into the summer. I am wondering what will happen. I suppose the government is hoping that summer employment will bring a measure of relief. I would suggest, as did the Leader of the Opposition, that we are not out of the woods as yet, even though 1960 might be a better year economically. If the trends of the last 10 years continue, we shall have more unemployment within another two or three years. One does not have to be an expert economist to know that this government has done nothing to ensure that this cyclical unemployment will be alleviated.

I certainly feel the greatest sympathy for the unemployed individual. The cost of his food remains high. His rent has not gone down as it did during the depression in the thirties. Surely he is becoming more disillusioned. Surely he is coming to the point where he must really face the freedom of being unemployed, of seeing his home disappearing, of seeing his family hopes and the hopes of his young people slowly "going down the drain", to put it in the vernacular. I certainly hope these young people who are here today do not judge democracy, democratic action and the possibilities of democracy by what this government has done during the past six months.

This is what the government has left us with and we are very much disgusted with it. Any city or municipality must come to this government in order to reap the benefits of double depreciation and can do so only after that area has been established as a depressed area through the research and statistics of the area itself. This surely is a matter of some considerable concern. Surely this is something that the Department of Labour should do on the basis of unemployment in 1961 rather than on the basis of unemployment in 1953 in those areas having a surplus of manpower. We feel that this is one area in which the government should accept its responsibility, for what exists now, to an even greater extent than it does through this small and inadequate double depreciation program. We feel that this program will not be sufficient in terms of what must eventually be done. It is the view of this group in the corner that unemployment is a serious problem requiring a direct approach rather than an indirect one.

With regard to what private business can do in this regard,—and I think it has done very much during many years—it is the opinion of our group in this corner that private business does not have the power of an over-all approach to deal with this problem. We feel indeed that private business would prosper under the circumstances that we suggest. We feel it is time for a direct approach and for dealing directly through government agencies with the problem of unemployment.

I am not going to reiterate the things which have been suggested by members of the C.C.F. party. One has only to look in *Hansard* to see them. However, Mr. Speaker, I am going to move, seconded by the hon. member for Kootenay West, that the following should be accepted as a subamendment to the amendment put forward by the Leader of the Opposition:

and, furthermore, this house is of the opinion that the government should promptly implement additional measures to immediately stimulate employment and the further growth of our economy.

Mr. Speaker: I cannot accept this amendment which the hon. member submits. I shall be glad to hear the hon. member for Parry Sound-Muskoka (Mr. Aiken), if he has something to say in favour of this proposed amendment.

Mr. Aiken: I am opposed to the subamendment on the ground that it would be an enlargement of the amendment moved by the Leader of the Opposition, on the specific point "double depreciation". If accepted, it would deal with the subject contained in the amendment to the speech from the throne which was decided upon on November 21, 1960, and which referred to economic and social planning.

Mr. Speaker: It will not be necessary to hear the hon. member because I am of the same view. I would like to hear the hon. member who proposed the amendment if he wishes to argue its validity, but it seems to me he is faced with the decision of the house already taken in regard to an earlier amendment along the same lines. Furthermore, this

amendment is quite irrelevant to the amendment moved by the Leader of the Opposition.

Mr. Pitman: I do not think there is contained in this amendment any specific suggestion that in any way would confine the issue of the amendment. I am afraid I have left myself without a copy of the amendment but I think it said "additional measures" and it does not in any way stress the words of the original amendment.

Mr. Speaker: I am sorry I am not able to agree with the hon. member. The difficulty with which he is confronted is that the amendment moved by the Leader of the Opposition deals with a rather specific and narrow subject, namely the provision for double depreciation dealing with problems of distressed areas, as well imposing the responsibility of the designation of such areas upon the municipalities. The hon. member proposes a motion which goes generally into measures to stimulate employment in general and to further the growth of our economy, which was the precise subject of the amendment moved on the address in reply to the speech from the throne as well as of a subsequent amendment.

Mr. Winch: I should like to draw Your Honour's attention to the fact that in the amendment, which is in fact an amendment to that proposed by the Leader of the Opposition which refers particularly to depressed areas, does not refer generally to employment or unemployment but asks that the government promptly implement additional measures to stimulate employment and further the growth of our economy. It is therefore, sir, a proper amendment to the amendment proposed by the Leader of the Opposition in respect of depressed areas. I hope Your Honour will notice that the words in this amendment do not refer to that general problem of unemployment which has already been discussed in this house but refer to the implementation of further measures which deal with distressed areas and it is therefore in order.

Mr. Speaker: I appreciate what the hon. member said but I am afraid I cannot agree with him. The proposed amendment is in quite general terms. An amendment may alter the motion; it is not supposed to enlarge upon it and it particularly should not go beyond the scope of the original motion.

Mr. Hubert Badanai (Fort William): Mr. Speaker, the various debates on unemployment which have taken place in this house during the present session have only served to reveal a sad state of affairs in its naked ugliness. This is a continuous problem without continuous measures to meet it. The measures which have been advanced so far by the government have failed to meet the situation.

The criteria to be used in order for a municipality to qualify for double depreciation only under certain circumstances is not only unworkable but absolutely restrictive, as pointed out by the Leader of the Opposition.

In my own constituency unemployment has been creeping up at an alarming rate from a registered unemployment figure of 2,600 in November of 1960 to 4,300 according to the latest figures available. The lakehead district is now classed by the federal Department of Labour as a substantial labour surplus area. It is one of 22 communities with a labour force of between 25,000 and 75,000, so designated across the country. It can be said, without much fear of successful contradiction, that although the problem of chronic unemployment is probably more severe in Canada than in any other western nation, no nation has done less to cope with it.

Several years ago when Britain was confronted with a similar situation, the government of that country did not hesitate to launch a mass attack on areas of unemployment with a high degree of success.

The double depreciation measure announced by the Minister of Finance (Mr. Fleming) last December in the baby budget can hardly be classed as a great inducement to establish a new industry in a depressed area; and according to the only interpretation possible for the formula only a few areas can qualify. In other words my own constituency, because it has only in the last two or three years fallen on hard times due to unemployment, is thus by-passed.

The winter works program, while it has been of some help, has not fulfilled expectations. For one thing it has ignored the difficulties of the municipalities to finance needed projects which would employ a considerable labour force. It is indeed regrettable that it did not include participation in the cost of materials to be used in these projects. Until the government establishes a municipal loan fund, which I have advocated in this house at every opportunity, the extended municipal winter works program will not make any appreciable dent in the ranks of the unemployed.

The Canadian Federation of Mayors and Municipalities has long been on record as favouring a federal-municipal loan fund and in its submission to the government on February 7, 1958, it urged that such a fund be established. I wish to emphasize the fact that such a fund has been specifically requested and has received unqualified support across the country from the municipal governments. Moreover, nearly all the provincial premiers are on record as endorsing a municipal loan fund.

In recent years local governments have been pratically forced to stand aside and allow all senior levels of government and private industry to gobble up nearly all the available supply of money. To finance the most necessary and urgent needs, such as schools, sewers, water mains, hospitals, paved streets, parks and recreational facilities, local governments have had to borrow at excessive rates of interest and it has often been difficult to obtain funds in Canada, thus forcing municipal governments to borrow in New York and helping to create the unnatural rise in the value of the Canadian dollar, with a detrimental effect on our exports.

Mr. Churchill: On a point of order, Mr. Speaker, the hon. member who is now speaking has not yet mentioned any of the three subjects which are delineated in the amendment. He has said nothing about double depreciation; he has said nothing about what the opposition likes to call the depressed areas and their problems; and he has said nothing about their designation, and so on. He is dealing with a very wide-ranging list of subjects on the general subject of employment.

Mr. Badanai: On the point of order, Mr. Speaker—

Mr. Winch: Mr. Speaker, in view of what has been said by the house leader, will he now indicate what the government says are depressed areas?

Mr. Speaker: Order. The hon. member for Fort William, who has the floor, has heard the objection that has been taken. I have been listening to his remarks which seemed to me to be verging on the second part of the amendment relating to the responsibility of the municipalities for the designation of such areas, and on the third part with regard to the definition of depressed areas.

As the house leader has said, there are three parts to the amendment, the first dealing with double depreciation, the second with placing on the municipalities the responsibility for designation of the areas in question, and the third dealing with the actual definition of the areas in question. If the hon. member will direct his remarks to those three areas he will be in order.

Mr. Winch: Mr. Speaker, in fairness to all hon. members of this House of Commons, and in view of what you have just said, will you now ask the house leader—

Some hon. Members: Order.

Mr. Winch: —who made a certain remark, to name the depressed areas?

[Mr. Badanai.]

Mr. Speaker: I am sorry, but the hon. member will have to await the house leader's wish in that respect.

Mr. Winch: He cannot do it.

Mr. Badanai: Mr. Speaker, I am merely trying to demonstrate as effectively as I can the reason why the lakehead cities are in a depressed area. That is the only object I have in view. I am endeavouring to offer suggestions which would cure the situation.

In order to attack the problem of unemployment the municipal governments require loans at a relatively low rate of interest on a long term basis. It is therefore a matter of concern to the nation, and it is reasonable to suggest that some responsibility for the provision of funds which are urgently needed by municipalities should rest with the federal government if we are to effect a cure in the depressed areas which are concerned in this amendment.

Mr. Winch: Mr. Speaker, would the hon. member now name the depressed areas as he knows them?

Mr. Hellyer: The whole country is a depressed area.

Mr. Badanai: I am again referring to the extended winter works program designed to alleviate unemployment. Though it is a desirable piece of legislation—

Some hon. Members: Order.

Mr. Speaker: Order.

Mr. Badanai: —it has not stemmed the tide of unemployment to any appreciable extent. The criteria devised by the government will not do much, if anything, towards that end.

An hon. Member: Prophets of gloom.

Mr. Badanai: Out of 200,000 unemployed in the province of Ontario, the winter works program put to work only 15,000, or about 7½ per cent of the unemployed. In my own constituency of Fort William it has accomplished even less. Out of approximately 4,300 people out of work—

Mr. Speaker: I am sorry but I must interrupt the hon. member. The hon. member was approaching the winter works program when the house leader rose to protest that he was not discussing something relevant to the motion before the house. I quite agree that the winter works program—a program to be provided for by estimates which will be discussed in the house in due course, if they have not already been discussed—is excluded from debate on a motion to go into supply. It is not relevant to the amendment

nor is it appropriate to speak on or to discuss subjects which come directly under the estimates.

Mr. Winch: Mr. Speaker, would the house leader say what is the order and principle that we are now discussing?

Mr. Churchill: The same as was mentioned earlier.

Mr. Badanai: Mr. Speaker, when the Minister of Labour (Mr. Starr) made the statement of government policy setting forth the conditions upon which the government would assist new industries in areas where there has been a substantial degree of continued unemployment over the years, we were amazed to find that this so-called criterion or formula would apply only to areas which were not named, but which would have to prove that conditions of employment had been on the decline over the period from 1950 to 1960 and taking into consideration the months from May to October.

I submit that whoever devised such an impossible formula to deal with unemployment must have had a diabolical sense of humour. This formula does not meet the situation. It does not satisfy the anticipation created by the statement of the Minister of Finance who on December 20 stated:

> I am pleased to announce measures to fulfil three major purposes; first, to assist new industries in areas where there is a substantial degree of continued unemployment over the years; second, to aid the development of new products from processing operations not hitherto carried on in Canada; and, third, to encourage the production of new types of goods. Double depreciation will, at the option of the taxpayer, be allowed in respect of capital expenditure incurred in the first year for these purposes but may be applied in any of the first three years.

It certainly does not help my constituency because under the formula announced by the minister on March 2 the city of Fort William does not qualify under this scheme and therefore incentive to industry and business in that locality would not be provided.

The government, however, has at least recognized the need to do something in order to alleviate unemployment. One method now being introduced in the United States by the new administration is to encourage the mass construction of public works. In my own constituency there is a definite need for a building to house the staff of the unemployment insurance commission which now occupies the old post office building constructed at the turn of the century. Its conditions are deplorable. The lakehead employment advisory committee, which incidentally is doing a terrific job and trying through every medium at its disposal to promote employment, has passed resolutions for several years urging the government to give consideration to the construction of a new building. At this point I wish to quote two of these resolutions which point out the necessity for immediate action. The first resolution reads:

> Whereas the space in the present premises of the unemployment insurance commission office at 123 North May street, Fort William, is totally inadequate to handle the volume of traffic and maintain proper standards of efficiency, and
>
> Whereas this premises is too old (55 years) and structurally unsafe to handle the ever-growing volume of traffic, and
>
> Whereas the structure does not lend itself to any form of expansion, because of its age, and any expenditure on an old structure of this type is deemed wasteful, and
>
> Whereas the lack of space necessitates benefit claimants standing outside in the street in inclement weather, a condition which is certainly not conducive to good relations with the public, and
>
> Whereas a constantly expanding labour force wil reflect greater activity in the new office, and therefore require additional space, and
>
> Whereas certain amendments to the Unemployment Insurance Act and regulations will have the effect of further increasing traffic through the local office, thereby necessitating additional floor space,—

Mr. Aiken: Mr. Speaker, I rise on a point of order.

Mr. Speaker: Order. There is a point of order being raised by the hon. member for Parry Sound-Muskoka.

Mr. Aiken: Mr. Speaker, the hon. member is now speaking about the construction of public buildings in Fort William. I cannot see how this relates in any way to double depreciation.

Mr. Pickersgill: Mr. Speaker, since there seems to be a campaign of harassment of the hon. member for Fort William (Mr. Badanai) by hon. gentlemen opposite who have suddenly become very concerned about a rigid adherence to the rules, perhaps I might be permitted to make an observation.

Surely it has always been clearly understood that in a debate on a motion to go into supply on a matter of this kind it has always been relevant to consider the attendant circumstances. It may be that if the government did certain other things which many of us on this side think it ought to have been doing for the last three years, many places in this country would not be depressed areas.

What my hon. friend is seeking to show, it seems to me, is that the failures of the government in certain other respects had created in certain parts of the country a situation which was of such a nature that even this blind government decided it had to do something about it.

Mr. Speaker: The hon. member seems to be making a speech on the subject matter of the debate rather than on the point of

order. I think one would have to be very strict to consider the point well taken. As the hon. member is discussing the problems of a municipality which are involved in the first part of the resolution, I do not want to be too restrictive in a debate on a supply motion.

Mr. Pallett: Mr. Speaker, would the hon. member permit a question, in view of the suggestions of the hon. member about relevancy?

Mr. Badanai: My time is limited, Mr. Speaker.

Mr. Pallett: Is the hon. member suggesting that the lakehead is a depressed area?

Mr. Speaker: Order.

Mr. Badanai: I shall be glad to answer the question later.

Mr. Pallett: The hon. member cannot answer.

Mr. Badanai: I can answer it, all right. I continue reading the resolution:

> Now, therefore, be it resolved that we, the lakehead employment advisory committee, do most strongly recommend that our regional and national committees give immediate effective support to this resolution, and that they pursue every effort to indicate the need for adequate and suitable new office premises for the unemployment insurance commission at Fort William and,—

Mr. Winch: Mr. Speaker—

Mr. Speaker: Order. The hon. member for Fort William has the floor.

Mr. Badanai: I continue:

> Be it further resolved that the local, regional and national committees urgently request that the federal government, through the departments concerned, take immediate action to construct new and adequate premises to house the unemployment insurance commission office and staff in Fort William.

Mr. Winch: Mr. Speaker—

Mr. Badanai: That resolution was passed in February of 1959. Another resolution passed in January of 1960 relates to the same subject. I shall quote only three paragraphs in the interests of brevity.

> And whereas the building now used is much too small to properly handle the volume of traffic processed there, it necessitating claimants standing outside in inclement weather often in below freezing temperatures,
>
> And whereas the existing building is in a generally deplorable condition and reflects discredit on the commission and whereas incidents have occurred which could have caused serious injury to claimants or personnel,
>
> Now therefore, be it resolved that in the opinion of this committee immediate steps must be taken to erect a new building at Fort William to provide adequate facilities for the efficient and orderly operation of the commission's business at that point.

[Mr. Speaker.]

Mr. Winch: Mr. Speaker, on a question of privilege—

Mr. Speaker: Would the hon. member permit me to hear the hon. member for Vancouver East on a question of privilege?

Mr. Winch: Mr. Speaker, as I tried to say previously, the hon. member is discussing matters that are beyond the scope of the terms of the resolution before us. The discussion has strayed into the subject of unemployment insurance and various other matters. I take it that in our discussion from this point on we are free to discuss these matters.

Mr. Speaker: The hon. member scarcely raised a question of privilege. If the hon. gentleman takes a point of order that the hon. member for Fort William was going beyond the terms of the resolution he may have a point but I consider that the resolution calling for the construction of a new public building in Fort William perhaps has something to do with aid to depressed areas and I did not intend to be unduly restrictive as I said earlier. When the hon. member makes his own intervention he will have to guide himself in terms of the subjects he discusses.

Mr. Winch: Unemployment insurance was also mentioned.

Mr. Speaker: If the hon. member takes exception to what is being said by the hon. member for Fort William, he is entitled to do so but the mention of unemployment insurance was surely incidental. The hon. member who has the floor should be allowed to complete his address.

Mr. Badanai: I must say that the Minister of Labour is aware of the conditions and I give him credit because I believe he has also recommended that a new building be provided.

During a recent visit to Fort William I had occasion to go into the customs building.

Mr. Churchill: The hon. member is really getting out of order now.

Mr. Badanai: I am attempting to point out the necessity for the government to do something. I am attempting to show how the depressed conditions that now exist in the lakehead can be cured. Just as I pointed out the deplorable conditions of the unemployment insurance building, I am now attempting to show that the customs building also requires some consideration.

What is the use of the government's spending a lot of money advertising "Do it Now" campaigns which, it is hoped will result in

increased employment, when offices and facilities of its departments are allowed to deteriorate to the point that the situation is obvious and noticeable even to the casual observer? While admittedly the immediate repairing of buildings and government offices will not solve the unemployment problem, it could provide several weeks' work for quite a few unemployed. At least the Department of Labour would be setting an example to the citizens who are being urged to provide work for the unemployed.

I shall now proceed to show why the district of Fort William and Port Arthur is a depressed area. This house should know by now, and should be well informed of the fact, that in Fort William we have a spacious manufacturing plant known as Canada Car Company. It is one of the largest manufacturing establishments of its kind in Canada, and it has facilities for the employment of thousands of workers. During world war II it employed up to 7,000 people. It has a record for building aircraft of all kinds and descriptions. It has built buses, trailers and ships; it has built models of portable houses, ideal for families of army personnel serving in the Arctic and for families living in the far north.

A couple of years ago it had a flourishing bus manufacturing business. Unfortunately, the executive officers of the company which owns other plants, notably the Dominion plant in Montreal, decided to move the manufacturing facilities for buses and trailers to Montreal. It was at a time when the labour force employed in the area was nearly 2,000. It left the plant with only 400 to 500 people working on small subcontracts for aircraft component parts. It was at this time that a strong delegation composed of representatives from the city councils and nearly every other organization of the two cities came to Ottawa. They were well received by the then minister of public works, the acting prime minister, the minister of defence production and the minister of national defence and officials of their respective departments.

During the discussion of ways and means to secure work for the plant, mention was made of the amphibious army carrier known as the Bobcat, which was being developed by Canada Car engineers in co-operation with officials of the Department of National Defence. While there was no firm commitment to the delegation that if and when this vehicle would receive the approval of the Department of National Defence and the government for production it would be produced in Fort William, nevertheless a strong impression was left with the delegation that such would be the case. Therefore, when the Prime Minister (Mr. Diefenbaker), made the statement in the house on February 15, considerable consternation was caused at the lakehead. I wish to quote a portion of the statement:

> Following the 20 preproduction pilot models being produced, when it is possible to proceed with the production of the balance of 480 vehicles this will be determined on the basis of competitive tender. This could mean that if Canadian Car Company Limited were the successful tenderer, production of the Bobcat could take place at Fort William, provided the company so elected. However—and I want to be frank in this connection—it is extremely doubtful whether the company would be in a competitive position if the manufacture took place at Fort William.

Mr. Speaker: Order. I must ask the hon. member whether he does not think now that he is back again on a specific subject of the estimates of the Department of National Defence? He is dealing with the production of a specific vehicle, not with any measure that has been advocated in the amendment. I would ask him to stick to the amendment.

Mr. Badanai: I merely wish to point out some of the basic reasons why we have so many unemployed in the cities of Fort William and Port Arthur. Some of the people who live in Port Arthur work in Fort William in the Canadian Car plant, and some people living in Fort William work in the shipbuilding yards in Port Arthur. This is the reason why I have mentioned these two industries in these two cities.

The consternation which was caused in the city of Fort William by the Prime Minister's statement was that it was extremely doubtful whether the company would be in a competitive position if the manufacturing took place at Fort William. This is the point, Mr. Speaker. The suggestion contained in the Prime Minister's statement was that the local Canadian Car Company cannot compete with plants in other parts of the country. This is another way of saying that the cities of Port Arthur and Fort William cannot hope to share in any big way in future defence contracts.

Mr. Harkness: Mr. Speaker, you have just warned the hon. member that this matter has really nothing to do with the motion which has been made and he has, I think, deliberately defied your ruling by going right ahead and talking about this matter of the possible contract at some time in the future for the production of the Bobcat.

Mr. Speaker: I am sorry; I was following what the hon. member said. It seemed to me that he was dealing with the competitive position of the company, which could be related to the question of depreciation and this resolution. Unless he returns to the specific subject to which I objected I think I should let him proceed.

Mr. Badanai: The point is this, Mr. Speaker. I have given the explanation and it is one of the reasons why the cities of Fort William and Port Arthur have so much unemployment. We take great exception to any statements which would create the impression that it costs more to produce at the lakehead than it does elsewhere. Such statements are illogical and are not borne out by the facts. That is all I wish to point out. I want everybody to know that manufacturing can be done in Fort William as cheaply as it can be done anywhere else. As a matter of fact, we have some advantages and I hold in my hand figures to demonstrate what I am talking about.

Out of 24 classifications for the production of the Bobcat which involves bench fitters, carpenters, assemblers, electricians, inspectors, jig borers, machinists, mechanics, painters, plate workers, sheet metal workers, storekeepers, tool makers, welders and truck drivers, the wages of 19 of the classifications were in Montreal from one cent to 19 cents per hour higher; in four of the 24 classifications the wages in Fort William were from eight cents to 10 cents an hour higher; and in one classification they were the same. This proves conclusively that wages are certainly not the reason for favouring Montreal over Fort William on any kind of production.

The lakehead cities can point with pride to records in the production of aircraft and shipbuilding during and after the last war. Can the Prime Minister or anyone else tell us what has happened to render these two cities unfit for participation in defence production?

Mr. Speaker: The hon. member seemed to me to go back on the track, but as he has proceeded I find that he is still debating the subject of production and the choice of some other place for the production of Bobcats or some particular vehicle, a matter which, as I pointed out to him, was quite irrelevant to the motion and was out of order because it is a matter for discussion on the defence estimates.

Mr. Badanai: In deference to your suggestion, Mr. Speaker I shall not dwell any more on this particular point.

I fully realize that the lakehead is not the only region suffering from unemployment. The crucial difference is that we are practically isolated, and therefore are more or less forgotten in favour of larger centres of population. A few weeks ago I read in the *Christian Science Monitor* an article which told the story of an unemployed person who was asked what was the hardest thing about being laid off, and he replied: "Selling the dog". He went on to explain that they had the dog for five years, and the youngsters did not want to part with the dog. They cried for days. He sold it for $15.50 which he used to buy meat, something which they had not had since he was laid off. After all, unemployment statistics encompass unhappy men, frightened wives, hungry children, delinquency, demoralization and defeat.

When the government introduced the resolution to appoint a national productivity council, which had been announced in the speech from the throne last November, we all thought that perhaps here was a suggestion that might do something toward the stimulation of employment and that a council composed of men of vast experience could indeed offer valuable recommendations. However, since the council will act in an advisory capacity only—

Mr. Speaker: Order. I think the hon. member has misconceived the opportunity that is given him by this amendment. The amendment was not selected by me. It was selected by the Leader of the Opposition. The hon. member who has the floor has a copy of it before him and I suggest that if he cannot confine his remarks to the amendment he might as well take his seat.

An hon. Member: He has his speech all written down.

Mr. Badanai: It is not all written down. Last January the Canadian chamber of commerce sponsored a national business conference on employment. The theme of the conference was an expanding economy, the key to employment. What are we trying to do? We are trying to advance suggestions in order to promote work in depressed areas such as my constituency and all others as well. The theme of the conference to which I have referred embraces in a single phrase one of the fundamentals necessary to put us back on the road to employment and prosperity. An expanding economy, which we need in order to get rid of the depressed areas, demands more capital investment and judicious handling of tariffs.

The recent budgetary resolution conferring upon the Minister of National Revenue (Mr. Nowlan) the power to determine the content of goods and to place an arbitrary tariff rate on the article involved does not augur well for some of our exports upon which much of our economy depends for expansion and employment. If the Minister of Labour in his statement of government policy to assist depressed areas had suggested a formula to stimulate business by allowing a company to deduct from current taxable income earnings if invested in the establishment of a new industry, or invested in certain specific areas in the promotion of low cost housing for rent or in shipbuilding, an industry which is

definitely in the doldrums—incidentally, I may say there is a fine shipyard in Port Arthur—such a measure would be the greatest stimulant to private enterprise which would be eager to co-operate with the government in planning a mass assault on unemployment.

Nothing less than an all-out effort will do. The time for half measures is past. We are living in a day and age of technological change which has taken place in our factories and our industries, on our railroads and even on our farms. The result has been a steady increase in unemployment. This is one of the factors, among others, which has contributed to our dilemma. It has contributed to the condition of the depressed areas with which we are dealing at this moment.

This is the time for the government to step in and make a study of technological developments in every industry. This would not necessarily mean interfering with private industry, but I do think that sudden changes affecting employment should be handled intelligently and with a sense of humanity. Having this in mind, the government would be well advised to ask industry to inform it before industry employs methods that will displace a large number of employees because of automation, and competent advisers should be called in at once in an effort to find an immediate alternative in the form of work for these displaced persons.

Canadians have supported in the past—and they will do so in the future—programs for the alleviation of suffering in many parts of the world, especially in underdeveloped regions. We have always done so out of sympathy as well as in the national interest. I cannot believe that Canada will not support reasonable programs for the unemployed of the nation, be they victims of a disaster or victims of technological change. Technological changes are another reason why we have depressed areas in our country. The Minister of Labour has indicated that his department is undertaking a detailed study of the problem in the railway industry brought about by automation and technological changes and that the study is similar to that being made by the royal commission investigating the automobile industry. If it takes the experts as long to look into the railway problem as it has taken them in the case of the automobile industry, this will mean that the situation on the railways will get much worse before we can expect any action from the government.

Mr. Speaker: Order. I suggest that the hon. member take his seat. His time has about expired and it appears he is unable to observe my injunction.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this is an interesting debate, and very rarely does the small C.C.F. group have the opportunity to have two speakers in an afternoon. We appreciate the opportunity to speak on this very important question. When I look at the government side of the house I can sense a sort of you-next-my-dear-Alphonse attitude. They do not seem to want to discuss this question. However, when I discuss an amendment of this sort and this subject which is of great importance, I am always reminded of the nearly 700,000 unemployed Canadians, their families and dependents, their fears, their problems and their continuing hopes for action on the part of the government. I am also reminded of the apprehension with which many of our young people face the future because of the circumstances that exist in Canada at this time.

The amendment moved by the Leader of the Opposition (Mr. Pearson) and seconded by the hon. member for Fort William (Mr. Badanai) reads as follows:

> This house is of the opinion that the provision for double depreciation announced last December will prove ineffective in dealing with the problems of depressed areas, and regrets that the government had imposed the responsibility for the designation of such areas on the municipalities, and that the definition of depressed areas is too restrictive.

I read the amendment because it deals particularly with three problems, namely the provision of double depreciation, the problems of depressed areas and the definition of depressed areas. As we all know, depressed areas are areas where there is abnormal and large-scale unemployment. So I presume, Mr. Speaker, that in order to discuss the resolution intelligently we can refer to unemployment problems in depressed areas and make alternate proposals.

When the Leader of the Opposition was speaking he made reference for a moment or two to the recent Progressive Conservative conference or convention or party beano, shall I say, or whatever you like to call it, that was held in Ottawa. I cannot help referring to the fact that the Prime Minister said that the Conservative party will soon have a rendezvous with destiny. I do not know how he is going to determine that.

Mr. Pickersgill: Mr. Speaker, I hesitate to interrupt the hon. and amiable gentleman but in view of the treatment accorded to the hon. member for Fort William I feel that unless—

Mr. Churchill: Treatment by whom?

Mr. Pickersgill: Well, the attitude of the hon. gentleman.

Mr. Churchill: I thought you were referring to Mr. Speaker.

Mr. Pickersgill: I am speaking to a point of order. In view of the very strict interpretation of the resolution in respect of the arguments advanced by the hon. member for Fort William that the employment policies of the railways were contributing to depressed areas, I think the hon. member for Kootenay West would have to show that the Tory convention was a depressed area before he could make his remarks relevant to the motion. If he can do that, I would agree with him.

Mr. Herridge: I can do that immediately. I had a member of the Progressive Conservative party in my office before 2.30 today, and the statement he made was that it was a most depressing convention.

Mr. Speaker: Order. It is true the Leader of the Opposition, when he opened this debate, dealt at some length with the events pertaining to a convention held in this city last week. It may be that he made some specific point which requires an answer from members of the other parties, or another member of the house.

However, following what I described as a rather discursive opening, the Leader of the Opposition did introduce a specific resolution which is the subject of the debate before the house. I have endeavoured to limit hon. members, including the hon. member for Peterborough and the hon. member for Fort William, who were inclined to debate anything which in their view affected unemployment. I feel that the hon. member for Kootenay West must also bring his remarks into order by referring to the amendment which is before the house.

The amendment which is before us, and which the hon. member has read, makes no reference and has no relevance to the convention which he was about to discuss. I trust the hon. member will do what other members have been asked to do, namely stick to the point before the house.

Mr. Herridge: Yes, Mr. Speaker; I bow to your ruling as usual. I mentioned the convention only because the Leader of the Opposition referred to it. I was a bit curious as to whether or not the Prime Minister (Mr. Diefenbaker) was going to consult an astrological chart or a medium with regard to this rendezvous with destiny.

However, coming directly into order, I must say that we are of the opinion that this blight on our society will not be cured by pious resolutions, declamations, the protests of any particular group or double depreciation. If that is not being in order, I do not know what is.

Mr. Pickersgill: There was no double depreciation at the Tory convention.

Mr. Herridge: It is only by the determination of the Canadian people who are willing to sacrifice some of their own comforts that this problem will be remedied. I believe that the remedying of this situation will require a great deal of thought and effective action, and particularly leadership by this government of a stronger nature than the introduction of double depreciation for depressed areas. I admit that there is no easy solution to this very complicated and involved problem which is a product of the free enterprise system. The Prime Minister stated that the free enterprise system was going to be supported during the next election by his party as against the socialist approach of this party. The Prime Minister is on the defensive in this respect because the blight is one of the effects of the free enterprise system.

We in this group offer democratic socialism not as an overnight cure but as a philosophical approach to life that will remedy this cyclical unemployment. I recognize that we live in a democracy. In a dictatorship problems can be cured by edict and by order. Dictators do not need to wait for the consent of the people. A dictator could put all the people in Canada to work tomorrow. However, in a democracy you have to recognize the parliamentary institutions; you have to recognize the democratic principles. What you do must have the consent of the people as a whole; otherwise it is not effective.

What we criticize is the failure of the government to give leadership at this time, beyond this question of double depreciation and other long term measures which are fully justified but which will not remedy the situation in the near future. In contrast to this suggestion of double depreciation and the designation of certain areas as depressed areas, we suggest the way to meet this problem is a program of long term and short term arrangements. We believe that long term arrangements, as opposed to this piecemeal double depreciation program, will require a conscious effort of planning by the people as a whole instead of leaving the planning of our economy to fewer and fewer corporations whose boards of directors decide whether or not men shall be employed. This planning will require co-operation between governments, between industry and labour, between labour and agriculture and other segments of our population.

This planning is only possible with the acceptance of a totally different approach to life, a different social and economic philosophy. In this way governments can influence

the direction of investment rather than have, as I believe we have had in recent years, direction by boards of directors without any relationship to what was happening in the other provinces with respect to the development of our natural resources. We could then bring these resources into production as the result of a plan rather than have them brought into production as the result of a decision of a board of directors located in New York or somewhere like that, and without any thought given to whether or not we are exhausting our natural resources or developing them at too rapid a rate. An overall plan would provide for the education of our young people, the retraining of our older people and the rehabilitation of the disabled. Some of these things are mentioned in measures that have been introduced by the government. These are long term plans that would take some time to have effect. This planning with respect to the development of markets over the years is very necessary indeed, as is long term planning with respect to research into the economics and the development of natural resources, the use of fiscal policies and so on.

We are urging this suggestion, in general, as a long term plan in opposition to the program advanced by the government with respect to double depreciation. What about the short term program? We must do something that will have an effect in the near future. People cannot remain unemployed year after year without their morale being destroyed. I can tell you right now that I have no sympathy for the lazy man. There are malingerers in all groups in society. Since there is a small percentage of people in any group who will take advantage of any type of legislation, we find that fact is emphasized. We do not talk about the malingering of the corporations who have obtained concessions valued at millions of dollars as a result of incorrect statements, and so on.

We suggest a long term program as opposed to this short term double depreciation program. We suggest there is an opportunity for long term loans and aid to underdeveloped countries at low interest rates. We suggest this will provide outlets for our industrial and agricultural surpluses while at the same time providing increased employment and production. Is it not better to keep our workers working constantly and our farmers producing and paying income tax than to have the present-day rate of unemployment? Think of all the income tax that is lost on account of unemployment. This loss must amount to hundreds of millions of dollars each year, and it results directly from the lack of markets for our agricultural products. We suggest that these people should be kept employed, that the resulting increase in income tax could be used to provide the loans and aid to the needy countries, and that we then could use the immediately increased credit.

The government of this country represents all the people, and the wealth of Canada in the abstract belongs to the people of Canada. The government borrows not as companies do, but on the capacity of the total Canadian population to produce. We suggest the government of Canada could use the national credit to a much greater extent by permitting public investment programs for highways, hospitals, schools and public utilities instead of just providing this very minute remedy of double depreciation.

In the proposal for double depreciation it is suggested that it will have a benefit overnight and that companies would locate in certain places immediately. Companies do not establish industries in locations because of double depreciation or employment surpluses, but fundamentally because of the nearness of resources and the relationship between the factory, transportation and markets. These things are all taken into consideration when a company locates and it will take possibly a year or two before these companies get into operation. In the meantime this double depreciation program will have no effect so far as reducing the number of unemployed is concerned.

In addition to this double depreciation measure we suggest that the government undertake a national investment program for the utilization of the nationally unemployed, the utilization of idle natural resources, and the utilization of idle national credit at this time.

Mr. O. H. Phillips (Prince): Mr. Speaker, in rising to take part in this debate I have certain reservations, as I do not wish to place myself in the same position as that of the hon. member for Fort William (Mr. Badanai) who, despite the fact that he had ample notice and time to prepare his remarks, made only one statement that went unchallenged in the house, and that was the statement in which he declared Fort William to be a depressed area.

The hon. member for Trinity (Mr. Hellyer) was not satisfied with that effort but went further and classified the whole area of Toronto as a depressed area.

Mr. Hellyer: Not only Toronto; the whole country.

Mr. Phillips: That is typical of remarks made by hon. members of the opposition. One can imagine the harm to Canada's prestige

throughout the world resulting from statements made by representatives in the House of Commons, of which the absurd suggestion just made by the hon. member for Trinity is a perfect example. They seem to have adopted the Templeton doctrine.

The Leader of the Opposition (Mr. Pearson) began his speech by waving his arms and various notes in the air and I thought that he was going to create a great deal of fireworks, but they seemed to fizzle out considerably. The Leader of the Opposition left this chamber immediately after he made his remarks. I thought he would have been much better off had he left before he made them. The hon. member for Fort William, I see by his absence, has followed his leader's example. Indeed, it is not too many minutes ago, sir, that there were exactly two Liberal members in this house at a time when they are supposed to be taking advantage of a supply motion in order to criticize the actions of the government.

An hon. Member: There are only four in the house now.

Mr. Phillips: That is four too many.

The Leader of the Opposition in introducing his remarks used all the antics of a professional clown except paint and then he went on to minimize everything this government accomplished, and if the Minister of Finance (Mr. Fleming) had not called him to order he would still be criticizing this government.

The Leader of the Opposition seemed to be very conscious of the recent annual meeting of the Progressive Conservative association of Canada. Obviously, he found the number and the enthusiasm of the delegates most disturbing, as well he might. This was not a convention but an annual meeting and it far outshone any of the fiascos held down in what is commonly called the cowbarn at the coliseum.

Mr. Pickersgill: Mr. Speaker, I hate to interrupt the hon. member for Prince who does not often take up the time of this house but I assume that the rules will be enforced equally on both sides of this house.

Mr. Starr: The Leader of the Opposition spent about ten minutes talking about this subject.

Mr. Pickersgill: The Minister of Labour was not here in the house when the ruling was made regarding this subject.

Mr. Starr: I was in the house all the time.

Mr. Speaker: The hon. member does not make any specific objection, but the rules, I hope, will be enforced evenly.

Mr. Starr: Do not stretch the truth too far, Jack.

[Mr. Phillips.]

Mr. Pickersgill: Mr. Speaker, I feel I must rise on a question of privilege. The Minister of Labour I think will not deny that he just made the remark to me; "Do not stretch the truth too far". If the hon. gentleman is suggesting anything which I said is in any way untrue, and if he can show me that it is, I will withdraw it at once, but unless he can do so I hope he will withdraw his imputations.

Mr. Starr: Mr. Speaker, I rise on the same question of privilege. The hon. member for Bonavista-Twillingate said I was out of the house when Your Honour brought to the attention of the Leader of the Opposition the fact that he was out of order. I said that he was stretching the truth because I was present at that time.

Mr. Pickersgill: On that point, sir, what I said was that Your Honour had made a ruling in regard to this matter, and I was referring of course to the ruling which was made when the hon. member for Kootenay West was speaking. If the Minister of Labour was in the house at that time I withdraw the statement.

Mr. Starr: I was in the house at that time and that is why I said the hon. member was stretching the truth.

Mr. Pickersgill: I hope the minister will withdraw his imputation.

Mr. Speaker: The difficulty seems to arise out of remarks made by hon. members who did not have the floor. While I did not hear the remark, I think perhaps the explanation made on both sides sufficiently disposes of the matter.

The hon. member for Prince has the floor.

Mr. Phillips: Mr. Speaker, before the member for Bonavista-Twillingate arose on the point of order I intended to refer to a few of the remarks made by the Leader of the Opposition (Mr. Pearson) in introducing his motion. I should particularly like to explain one matter to him and correct the impression he left on *Hansard* regarding the resolutions put forward at the recent annual meeting.

Before the meeting was called various associations were requested to submit resolutions, and approximately 200 to 250 resolutions were received by the resolutions committee.

Mr. Pickersgill: Mr. Speaker, I again rise on a point of order. The hon. member for Kootenay West was not allowed to proceed on this line of argument, on the ground that it was in no way germane to the motion of the Leader of the Opposition. I submit that neither should the hon. member for Prince be allowed to proceed.

Mr. Speaker: As I recall the remarks of the hon. member for Kootenay West, he was referring to the convention in his own terms. As I now understand the hon. member for Prince, he is replying to a statement made by the Leader of the Opposition. Even though it would be out of order to introduce a discussion on the Conservative convention in debating the resolution now before the house, I could not prevent the hon. member from replying to a statement made in the course of such debate. I think the hon. member for Bonavista-Twillingate will appreciate that this is a necessary right of reply.

Mr. Pickersgill: I submit with the greatest possible respect, sir, that my hon. friend from Fort William was departing a great deal less from the subject matter of this amendment which, as Your Honour rightly pointed out, has nothing whatever to do with the recent Conservative meeting.

Mr. Diefenbaker: Then why was it introduced by the Leader of the Opposition?

Mr. Pickersgill: If the Prime Minister would like a reply to that question, I should be very happy to reply to it. The Leader of the Opposition spoke before he had introduced a motion—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —and it is a well known rule of the house, which I admit is frequently transgressed,—

Mr. Starr: By the Liberals only.

Mr. Pickersgill: Mr. Speaker, perhaps I might be allowed to proceed. It is a well known rule of the house, which I admit is frequently transgressed, that once a motion has been made the debate on that motion must be relevant to the motion, whatever scope there may have been before the motion was made. I say that rule is often transgressed.

I should never have thought of raising this point of order in the ordinary course of events, but in view of the harassment which the hon. member for Fort William endured from hon. members opposite, starting with the house leader, when he was seeking to talk on subjects quite germane to this motion, it does seem to me that the Chair, having embarked upon the very strict interpretation of the rules that was applied to the hon. member for Kootenay West, should apply that strict interpretation of the rules equally to both sides of the house. That is all I am submitting.

Mr. Speaker: The hon. member makes one proposition for which I would require support; that is, that remarks made by the mover of the resolution before the resolution was actually moved, which would not have been in order afterwards, cannot be referred to. Unless I have some authority to the contrary I propose to follow the course which would permit an hon. member, in this debate initiated by the Leader of the Opposition, to make specific reference to what was said by the initiator of the debate in order to refute, contradict or comment on those things which he said, even though those things would not have been relevant after the amendment had been moved.

I know of no rule that would support the proposition made by the hon. member. I do agree with the hon. member for Bonavista-Twillingate that the debate on this resolution has been confined to the relatively narrow terms of the resolution and alternative methods of dealing with the problem of depressed areas. I hope that all hon. members who take part in the discussion will observe that limitation.

Mr. Phillips: Mr. Speaker, before the interruption of my remarks I was attempting to correct an erroneous impression that was left by the Leader of the Opposition. This has been the first opportunity I have had to do that, and I trust the hon. member for Bonavista-Twillingate (Mr. Pickersgill) will bear with me for a moment or two while I follow this line of discussion. We all know his dislike of arrogance and I am sure he would not wish to display it on this occasion.

As I was saying, the resolutions committee had received approximately 200 to 250 resolutions from Conservative organizations all across Canada. Some of them were received at least two or three months prior to the convention. They were passed on to the resolutions committee, in which every province was represented as well as members of our young Conservative groups and women's organizations.

Most of these resolutions were naturally of a complimentary nature. The people of Canada, realizing that this government has accomplished a great deal, naturally wanted to compliment the government on their achievements. Many of the resolutions were almost duplicates, and the resolutions committee met and condensed them into brief resolutions that could be readily understood by anyone in Canada. They were presented to the convention and delegates were allowed to discuss them. No effort on the part of anyone is going to be allowed to create the impression that the resolutions were handed to the annual meeting. The opposite is the truth, sir; they originated where resolutions should begin, namely at the grass roots.

In his motion the Leader of the Opposition produced a six-point program. I should like to refer briefly to several of these. The first one says that an area rehabilitation agency should be set up within the federal government to implement, in co-operation with the provinces and local authorities, an over-all program of economic assistance to the depressed areas of our country.

I was impressed with the wording of this resolution. I have in mind the objection which is embodied in the amendment, to having the federal government dealing with the municipalities, and yet the very first item presented by the Leader of the Opposition contains the words, "in co-operation with the provinces and local authorities". I fail to detect any great difference between the word "municipalities" and the words "local authorities". In my view the municipality is the local authority. In the very first point of the program the opposition have contradicted their whole argument throughout the resolution.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Phillips: Mr. Speaker, before the dinner recess I was beginning to deal with the six-point proposal advanced by the Leader of the Opposition this afternoon before moving his amendment. I mentioned the reference in the first point to local authorities and stated that there was no difference between local authorities and municipalities and if it is improper to have the municipalities dealing with the legislation on double depreciation it would be equally improper to have such legislation dealt with by an area rehabilitation agency.

The first point then goes on to refer to economic assistance. Here the Leader of the Opposition picked a very vague cliche and made no effort to outline what economic assistance would be forthcoming under a Liberal government. The hon. gentleman in his first point went on to say "That agency of the federal government should designate such areas... on the basis of suitable criteria and carry out detailed and concrete studies of their economies." This is a most interesting sentence. The first thing I would ask hon. members to note in that sentence is that it states "That agency of the federal government should designate such areas".

I recall a special debate in this house in which hon. members of the official opposition were most emphatic that it must be the federal government that would automatically designate these areas. We now find that hon. members of the opposition have changed their minds. They are now passing over to an agency this responsibility and apparently if they formed the government they would have no desire to assume that responsibility.

That sentence goes on to state, "on the basis of suitable criteria." Here again there is no effort to outline or elaborate what suitable criteria would be under a Liberal government. The sentence continues, "and carry out detailed and concrete studies of their economies." That, sir, is the only thing that is offered to depressed areas in the first point, namely an economic survey. This is very interesting in view of the remarks of the Leader of the Opposition. There are a number of conclusions one can draw from this sentence. One is that the Leader of the Opposition has in his office a number of economists and that he is anxious to avail himself of an opportunity to unload them, and an economic survey would be an ideal means of getting rid of such people as Professor Lamontagne from the office of the Leader of the Opposition.

Mr. Habel: He must worry you.

Mr. Phillips: No, Professor Lamontagne does not worry me. In fact, I rather appreciate some of his remarks.

Mr. Habel: Sure he worries you.

Mr. Phillips: I wish to paraphrase the remarks the Leader of the Opposition quoted from the *Financial Post* in which he said the present legislation would provide more work for civil servants than it would for the unemployed. I think the proposal of the Leader of the Opposition would provide work for only one class of people, namely certain favoured economists. I should like to see the Leader of the Opposition in the house at this time so that he might pick up his notes, wave them around to his followers and ask, for how many unemployed would an economic survey provide jobs?

The second point of the hon. member's proposal opens with a reference to a flexible fiscal policy. This is a wonderful old phrase which has been hashed and rehashed until it has no meaning today.

Mr. Pickersgill: Notably by the Minister of Forestry.

Mr. Phillips: I am sorry but I did not catch the interruption of the hon. member for Bonavista-Twillingate. I will assume that it is like most of the hon. member's interruptions and is unimportant. The description of a flexible fiscal policy is merely designed to apply to all situations and hides the fact that you have solved none of them.

Earlier in my remarks the hon. member for Trinity stated that all Canada was depressed. In view of these remarks I should like to refer to the next words in the sentence that comprises the second point of the proposal: "A flexible fiscal policy should be adapted to the specific needs of those areas which may require special encouragement." That does not imply that all of Canada is depressed. In fact, it does not even admit that any specific area would require assistance. It merely refers to those areas which may require special encouragement and does not even mention the word "assistance".

The Leader of the Opposition went on to attempt to develop a description of a flexible fiscal policy. Paragraph (a) of the description is a real dilly. That is about the best characterization you can give it. Paragraph (a) refers to "capital grants for development, such as the Atlantic provinces development fund." The hon. member then had the unmitigated gall to say that the Liberal party had been advocating such grants for some time.

Mr. Pickersgill: It is true.

An hon. Member: What is true about it?

Mr. Phillips: I clearly recall the 1957 election campaign. There was not a squawk out of the Leader of the Opposition or the hon. member for Bonavista-Twillingate with respect to the Atlantic provinces development fund. That idea originated when the Leader of the Opposition went into hibernation with an advertising agency and came up with the idea of $100 million for the Atlantic provinces development fund.

The Liberals were going to work wonders with $100 million. They were going to build the Prince Edward Island causeway, costing $125 million. Then they were going to build the Chignecto canal which would also cost at least $125 million. We are already up to $250 million. Then my hon. friends were going to throw in for good measure electric power development, assistance to the coal mines and an extensive public works program in addition to the first two items. Apparently they did not have any economist in the den with them when they hibernated and dreamed up this idea.

Paragraph (b) refers to "tax incentives such as temporary tax exemptions." I think hon. members should note the word "temporary" and bear in mind that Walter Gordon on a recent television program, when questioned on Liberal proposals for tax reductions stated, "Oh, they would be temporary, very temporary". I point out that you are not going to get any great industrial expansion on the basis of temporary tax reductions. This proposal no doubt will be something like the six-weeks' honeymoon exemption that was offered during the last election campaign.

Paragraph (c) reads: "Special consideration for distressed areas in public works programs".

I wonder whether hon. members opposite would like to recall their criticism of public works programs that have been presented to this house. Their chief complaint was that public works programs did nothing except provide a deficit in the budget, and they were opposed to that.

Paragraph (d) is a most unusual one. It refers to special consideration for such areas in winter works programs. I am sure the Leader of the Opposition did not intend to compliment the Minister of Labour, (Mr. Starr), but I should like to join him in that compliment. The Minister of Labour was the first to initiate a winter works program, and the Leader of the Opposition now wants to join him in that regard. Probably this desire is activated by the knowledge that 1,800 municipalities are now spending $258 million on the winter works program, and are undertaking 6,000 projects this winter.

Point 3 states that easier credit facilities should have been made available to depressed areas. This is a most unusual confession and one that I appreciate very much. When hon. members opposite were in power several years ago the Minister of Forestry (Mr. Flemming), at that time the premier of New Brunswick, made a plea to Ottawa for easier credit restrictions in the maritime provinces, the government of that day said it was impossible; that the fiscal policy had to be the same all across Canada. We now find the Leader of the Opposition admitting that they were in error on that occasion. Not only that, but they are attempting to adopt the idea proposed by the former premier of New Brunswick.

The item goes on to state: "For that purpose the industrial development bank should be separated from the Bank of Canada and operated vigorously to provide capital assistance for depressed areas." Earlier the Leader of the Opposition made reference to resolutions passed at the recent annual meeting of the Progressive Conservative association. I am sure he read them very carefully and I am rather suspicious that he lifted this one from one of the resolutions passed at that meeting.

Item No. 4 states: "Special training and retraining programs should be implemented in order to prepare the workers displaced". I presume he means in order to prepare them with new skills, and so on. This is nothing new, sir. I wonder where the Leader of the

Opposition has been in the last few months that he has not realized that this government has accomplished this in co-operation with the provinces? This program comes under the heading of education, and we respect the rights of the provinces in that regard and have attempted to co-operate with them. I am sure that the understudy of the Leader of the Opposition, who keeps pushing him to move out of the way and resign—I refer to the premier of Quebec—so that he may take over the leadership will not appreciate the wording of this paragraph.

Item No. 5 likewise contains nothing new. It calls for special urban renewal measures. The amendments to the National Housing Act passed this session permit municipalities to undertake urban redevelopment and to receive considerable assistance from the federal government.

In reading over these points I came to the conclusion that the remarks of the Prime Minister (Mr. Diefenbaker) at the recent annual meeting cut fairly deeply into the Leader of the Opposition. The Prime Minister quite justly stated that the Liberals had moved to the left and had adopted socialism, and we are now the only party on the right.

Mr. Hellyer: The hon. member's party has not moved at all.

Mr. Phillips: The Leader of the Opposition realizes his mistake and he is now attempting to correct it by adopting the Conservative program. I am sorry to have to inform him that there is no room on the bandwagon for those who have so actively criticized and opposed this program. Hon. members opposite adopted socialism voluntarily. Why not have the backbone to stay with it? Do not attempt to take our program.

Item No. 6 has to do with a rural development program. The only thing that is new here is that it is a rehash of the name of the legislation proposed by the Minister of Agriculture.

Mr. Deschatelets: On a question of privilege, Mr. Speaker, the hon. member who has the floor just said that we adopted socialism. Personally, I have never been more insulted in my life. The hon. member should withdraw.

Mr. Speaker: Order.

Mr. Winch: The hon. member has never been so honoured in his life.

Mr. Speaker: Order. There is no moral turpitude involved, I am sure.

Mr. Pickersgill: Is that a ruling?

Mr. Bell (Carleton): It is not a judicial opinion.

[Mr. Phillips.]

Mr. Phillips: In regard to the question of privilege, I would suggest that the hon. member discuss the matter with his leader and explain to him that he has been insulted by the actions of his leader.

I was saying, sir, that item No. 6 contains nothing new. It is merely a rehash of the name of the legislation produced by the Minister of Agriculture (Mr. Hamilton), namely his program for agricultural rehabilitation and development.

Mr. Speaker: Order. I am sorry to interrupt the hon. member, but his time has expired.

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, the hon. member who has just resumed his seat has referred to the six-point program which was introduced this afternoon by the Leader of the Opposition (Mr. Pearson) who moved the amendment to the supply motion. He referred to the first paragraph of this program which suggests that an area rehabilitation agency should be set up within the federal government to implement, in co-operation with the provinces and the local authorities, an over-all program of economic assistance to the depressed areas of the country. I wish to state at this time that this proposal of the Leader of the Opposition is altogether different from the proposal of the Minister of Labour (Mr. Starr) who put the whole onus on the municipalities.

The hon. member also referred to capital grants for development. He should keep in mind the fact that as far back as 1956, the then prime minister, the Right Hon. Louis St. Laurent, asked the Atlantic premiers to bring forward suggestions for a capital program for the Atlantic provinces. Up to this date we have heard very little from the Atlantic premiers in this regard.

It has been said on many occasions, Mr. Speaker, that the federal government, which is called upon to spend $1 out of every $5 the country produces, can be considered as the biggest business in Canada. It is also recognized that in a country with such a diverse economy and such diverse interests it is the responsibility of the federal government to give consideration to all sectors of the economy, to all classes of people and to all regions of the country, and in doing so it must implement policies that are in the national interest. The function of the federal government is to create that kind of economic climate in which private enterprise and, more so, private initiative can spearhead the development of every region and where the national growth of the country can be shared on an equal basis by all areas and not be centralized to the benefit of preferred sections of the country.

It is most unfortunate that, on every occasion when we on the opposition side are attempting to bring forward constructive ideas, when we are urging the government to take bold and comprehensive measures to cope with the existing situation, we are accused, as we have heard in the last few days, of dredging up gloom; and of spreading talk of depression; and members on the other side even go so far as to say that we are holding the Canadian people by fear. It is most unfortunate that those to whom has been assigned the responsibility of government should be the first ones to dodge their responsibility and to try to lay the responsibility for events that happen on the shoulders of past administrations or the present opposition.

Is it the fault of the opposition, Mr. Speaker, if the unemployment figures which will be released tomorrow or the next day will show close to 800,000 unemployed in this country? Is it the fault of the opposition if those figures will be the highest in the history of Canada since the hungry 30's? I might also ask, is it the fault of the opposition if the unemployment insurance fund, a fund which was over $900 million when this government took office, is at the moment I am speaking under $200 million?

In supporting the amendment introduced by the Leader of the Opposition this afternoon, it is my intention to deal with three main aspects affecting the Atlantic provinces and it is my hope that this time hon. members on the government side, particularly those from the Atlantic region, will refrain from personal abuse such as we have heard in the house on recent occasions. If our suggestions are sound and are of a constructive nature, those same hon. members would be well advised and would serve the interest of their constituents to better advantage if they would use their personal good will and their good influence to have the government of the day implement those measures which would benefit the Atlantic region and restore our economy in line with the rest of the country.

It is the duty of the government, we all know, to initiate immediate and bold action to take care of the chronic unemployment problems which we have to admit are growing worse and worse. The situation as we see it now may not adjust itself with the melting of the snow, and the coming of spring, which in fact started this afternoon, as the Minister of Finance (Mr. Fleming) suggested to the house last year. The measures introduced so far have been inadequate, insufficient and incapable of meeting the serious problem of unemployment. Since taking office the government has been reluctant to face the facts and its approach to the problem of depressed areas is another example of its seceding attitude and its lack of responsibility.

The government's definition of a depressed area is most inadequate. It will create nothing else but confusion and delay. The remedies offered so far are too limited and inefficient and will not produce the effect expected because they do not offer the incentive needed to induce the establishment of new industries which the government expects to result from the application of such half-way measures as its double depreciation policy which was described to the house on March 2 last.

I said earlier that it was my intention to deal with the three main aspects affecting the Atlantic provinces. Notwithstanding the definition and the interpretation given to the house on March 2 by the Minister of Labour (Mr. Starr) with respect to the selection of areas eligible for double depreciation, no one should question the position of the Atlantic region in so far as the application of this measure and much more effective measures is concerned. The president of the Atlantic provinces economic council, Arthur Johnson, in an address to the Canadian Club in Toronto on March 11, said that the Atlantic provinces' economy must be re-made and he added:

> Even more important, it means doing it without delay.

In his address Mr. Johnson deplored the fact that the unemployment problem is more critical in the Atlantic region than in any other region in Canada. He described the Atlantic region as largely a primary producer for the country and, he said, one which gets no benefit from the national tariff policy and one which bears far more than its share of the cost of the national transportation system.

The Atlantic region, Mr. Speaker, is an area with surplus manpower, an area where the percentage of the labour force without jobs and seeking work is at all times much higher than the Canadian average and in certain periods almost 100 per cent higher. The Atlantic region as a whole should be considered as an area where there has been a substantial increase of continued unemployment over the years and an area which would qualify under this program without having to be subjected to the strict definition given by the Minister of Labour. As I said earlier, this program is insufficient and inadequate and should be extended much further if it is to produce the results which are expected to follow from its application.

May I refer first to the situation which prevails today in the Cape Breton area. No other area affected by the general decline

of the coal industry has felt the impact to the extent to which Cape Breton has felt it. The government must now admit its complete failure to meet this urgent problem and its refusal to recognize before it became too late the inevitable consequences which will result from the closing of a number of coal mines. While prospects for substantial new employment to replace coal mining are not bright, the government must admit that since taking office it has time after time, month after month, refused to recognize the situation and has kept away from adopting adequate measures to cope with this serious problem.

For the last three years we have urged this government to undertake, through the provision of special fiscal incentives, sufficient secondary industries in such areas where existing industry was declining. For the last three years we have urged this government that the coal industry was on the decline and that the time had come to take immediate steps to provide proper planning and investigation, before it was too late, to ascertain what could be done to meet the unemployment problem that would necessarily follow these mine closures.

As early as in 1958, over three years ago, I urged this government to introduce the necessary incentives to induce Dosco to establish their proposed steel rolling plant in Cape Breton and not at Contrecoeur near Montreal. Every time we put forward such proposals with sincerity and in the hope that the government would accept them or at least give some of these suggestions favourable consideration, we were subjected to the same type of personal abuse as that to which I was subjected in the house. I was accused of being ignorant and even of adopting a hypocritical attitude. Even if it is now almost too late, I still urge this government to explore the need for economic development in the mining areas of Cape Breton and to study the possibility of producing coal as a more competitive source of energy. Once again I urge this government to undertake at once, without further delay, the establishment of a committee of practical men to whom will be given the task of finding new industries that might replace that part of the mining industry which would be displaced by the mine closures. No coal mine in Cape Breton should be allowed to close, Mr. Speaker, without taking the necessary steps to provide alternative employment for the displaced miners; and the double depreciation offered by the government today will not take care of this most unfortunate situation.

The second suggestion which I intend to bring to the attention of the government has to do with the position taken by the Atlantic Provinces Economic Council. APEC's position was expressed very clearly on two recent occasions, first by the executive vice president at the Atlantic conference in Halifax on September 20, 1960, and again in a statement issued concerning the APEC program on February 20 of this year. I outlined earlier the statement of APEC's president in which he expressed his views toward the Atlantic's unemployment problems during an address to the Canadian club in Toronto on March 11, only a week ago. On the average, unemployment in the Atlantic regions is just about 50 per cent higher than it is in Canada as a whole. In certain periods of the year and in some particular sections, it reaches a figure as much as 100 per cent higher than the national average. Not only must the Atlantic region be recognized as an area for double depreciation under the program advocated by the government, but the remedy offered is not adequate and will not produce satisfactory results.

APEC is calling for bold new policies in an area where the economy is weak and where unemployment threatens to remain greater than in any other part of Canada unless bold new policies are developed without delay. APEC, in its determination to solve this problem, has been able to develop such unity in economic thinking as to determine that secondary manufacturing industries alone based on local and other resources could create the 107,000 job openings which will be required in the next 20 years to bring employment in the Atlantic area up to the national average. APEC has suggested a formula which, if implemented, could substantially close the present gap of approximately 22,000 jobs which are required in the Atlantic region in order to enable that region to share on an equal basis with the rest of Canada.

From APEC's program issued a month ago today, on February 20 of this year, may I be permitted to quote briefly as follows:

> The profit climate here, therefore, must be made sufficiently attractive to investors in secondary manufacturing industry to induce them to locate in the region. To this end, APEC recommends the adoption of fiscal policies having specific application to lagging regions as distinct from pinpointed distressed areas. They should also differ from policies applying to the nation as a whole in that they should have particular application to the needs of sub-average regions of which the Atlantic constitutes one.

APEC is prepared to work with responsible taxing authorities to arrive at a satisfactory formula and makes the adoption of such regional fiscal policies a major goal. It proposes a continuing study of such policies in all their aspects. Such fiscal policies should include, among other things, (a) regional tax and investment allowances and (b) accelerated

depreciation, both to be available for a stated and suitable period to permit sound business planning.

This plan, Mr. Speaker, is quite different from the double depreciation for one year which is now offered in the government's program. Before discussing further the proposals offered in this well prepared program, may I be permitted to comment briefly on the two main points offered for consideration. The first suggestion calls for regional tax and investment allowances. No such offer is contained in the present double depreciation program announced in the baby budget of December 20, 1960. I recognize that the tax incentive to business enterprises included in the baby budget is at least of some significance to the Atlantic provinces where the number of small businesses is relatively high, but it is far from being enough.

May I be allowed to point out in passing that the benefits under this measure will apply largely to firms which have passed their initial development stage and are already in the profit making stage. What is requested and what is needed is a regional tax and investment allowance or, in other words, a regional tax incentive which would induce small secondary industries to establish in the area under opportunities equal to those offered in the more populated areas where the chances of success guarantee a larger measure of security. If the economy of the Atlantic provinces is to be subjected to unusual strains, if the Atlantic position is determined by recognized factors which cause such differences with the rest of Canada, then we must take it for granted that measures must be implemented which will restrain or narrow the gap which is causing such a situation to the detriment of certain segments of our population and, I would add, to the detriment of our general economy. Not only is the per capita investment relatively low in the region, but the average total investment is directed to a greater extent to those sectors where it provides limited employment. In other words it is directed in large proportion to non-business investment thus providing limited and temporary employment for a limited period only. What is required is inducement and incentive for investment in our primary and secondary industries. This is not provided for in the proposal which the government now has before us.

The three primary occupations which have played an important role in the economy of the Atlantic provinces are farming, fishing, and lumbering or logging. Statistics will show that the maritime employment in agriculture alone has dropped about 50 per cent since 1940, and in the lumber and wood industry by approximately 45 per cent. Only in the fishing and fish processing industry has employment remained fairly constant.

The problems of agriculture, as they affect the eastern provinces, are presently receiving attention in the consideration of the estimates of that particular department. I should like to point out at this time that the fishing and fish processing industry also occupies an important position in the economy of the Atlantic provinces and should be considered seriously under this program.

In the post-war period there has been increased activity in the building of modern fishing vessels and processing plants. Here again there is room for improvement and expansion, and here again we see an opportunity for the application of a policy of regional tax and investment allowances. In the construction of fishing vessels alone, the federal government has not varied one iota in its policy since 1946, which is 15 years ago. The construction of fishing vessels alone is an important factor as a source of employment in the Atlantic region. I am one of those individuals who believe in the expansion and modernization of our fishing fleet. Large quantities of fish are in our waters, but large quantities are caught by foreign ships and, in many cases, taken to Europe to be processed and reshipped to this continent. We in the Atlantic region can increase our production and our sales, and can produce additional employment for our unemployed. Sound expansion will require larger boats, modernization of equipment, and a larger market or outlet particularly on this continent.

A system of investment allowances should be introduced which would also apply to trawlers or draggers built in Canadian yards. I believe in Canadian built ships because I want to keep our Canadian shipyards in operation, and I am convinced that our Canadian shipyards and workers are qualified to do the job and do it right. I admit that the cost of construction will be higher than that for ships built in foreign yards, but this is where the government should intervene with a regional tax and investment allowance policy and, when necessary, with substantial grants in order to allow our producers to compete with foreign built trawlers. The opportunity is here for the Atlantic provinces to increase employment and to bring to our region each year additional millions of dollars of new wealth which could be distributed to fishermen and shore help alike.

The government of this country is missing the boat in not recognizing the possibilities of development of our fishing industry. The Atlantic provinces are doing their share to promote this vital industry but the financial resources at their disposal are too limited

to reach the goal which they would like to attain. Is it logical that the fishing industry today, outside of technical assistance and advice provided by the Department of Fisheries, should be operating on the same basis as that which was established, as I said earlier as far back as 1946, and with the same measure of assistance? Again I could be called to order if I attempted to elaborate on this most important factor of our maritime economy, but may I be allowed to ask the government if it is logical to be granting today, under the present high cost of construction, the same subsidy of $165 a ton on the construction of fishing vessels of the dragger or long-liner type when in 1946 or 1947 a 60-foot dragger cost in the vicinity of $30,000 against a cost of $60,000 today for a similar boat?

As I said earlier in my remarks, APEC has set the requirement of a depressed area. If the government does not want to accept their definition may I be allowed to say that not only has APEC set the requirements of a double depreciation area but it has shown that the Atlantic region, with unemployment rates 5 per cent above the national average, needs now 22,000 new jobs, and that the main source for the provision of such jobs relies on the development of secondary industry.

Before reaching the third and last point of my remarks concerning Atlantic problems, I should like to stress the importance of concentrating on a type of investment which has greater ability for providing continuing employment. I am not against investment in housing, public buildings or others, but I urge the government to give particular consideration to the type of investment and the type of public projects which could help in providing continuing employment in such depressed areas as the Atlantic provinces. I have in mind particularly the improvement of harbour facilities for fishing and shipping purposes.

In my own constituency of Gloucester improvements are required for the port of Bathurst. Such improvements would be beneficial to existing industry and would lead to further expansion and increased production of our natural resources. In other areas such as Maisonnette, Lower Caraquet, and Pigeon Hill, improvements to landing and docking facilities would result automatically in increased fish production, additional employment and increased revenue for the communities concerned. Those are the types of investment which should be of concern to the government. Improved shipping or transportation facilities, to the benefit of existing natural resources, and such projects as the Chignecto canal, are the types of investment which should concern the federal government. They are the types of investment in capital projects which should receive priority in the government's program in its willingness to meet the problems and the needs of the Atlantic region.

I have now reached that part of my remarks which will deal with a study sponsored by the Atlantic provinces research board. This study was referred to very briefly this afternoon by the Leader of the Opposition when he made reference to the proposals offered by Professor A. K. Cairncross in his report "Economic Development and the Atlantic Provinces".

In the introduction to his report, which I now have before me, Mr. Cairncross discloses the purpose of his study and describes the terms of reference of his proposed survey. I will not take up the time of the house by going into the detail of those terms of reference. In the first part of his report Mr. Cairncross deals first with the monetary policy and its effects on the economy of the Atlantic region, and in the second part he refers to the problems of regional economic development for an area where the economy lags behind that of the rest of Canada.

It may be noted here that Mr. Cairncross has fully recognized the position of the Atlantic provinces and the significant disparities which call for special measures from the federal government level. In other words, he did not have to use the restrictive and unworkable criteria suggested by the Minister of Labour to determine that the Atlantic region must be accepted as an area requiring appropriate policies.

He certainly did not shift the initial responsibility to municipalities and he did not hesitate to suggest on the part of the federal government more flexible and selective policies which in his judgment should be applied to the Atlantic region without any doubt or hesitation.

In reviewing the effect of monetary policy on the economy of the Atlantic provinces Mr. Cairncross admitted that a large part of the flow of credit into private investments comes, not from private but from public institutions. In his opinion there is nothing in the nature of things obliging these institutions to charge a uniform rate of interest on their loans or to make credit available on similar terms to all borrowers. He states in one section of his report:

> If money is tight elsewhere in Canada, the Atlantic provinces cannot be completely sheltered from the consequences merely by a decision on the part of the banks to go on lending in that area as before.

This is very significant to the economic development of the Atlantic provinces.

In summarizing his remarks on monetary policy he added these words, which are to be found on page 6 of his report:

I should like to make one further general comment. "Tight money" is an intermittent phenomenon and relief from tight money is unlikely to be of more than intermittent help to a region like the Atlantic provinces. If the grounds on which such relief is claimed are the unemployment and underemployment of manpower, and if these are not intermittent but chronic, then the action called for should be designed to remove the underemployment progressively and should not be limited to providing temporary relief, any more than one should treat toothache with an occasional aspirin.

Mr. Cairncross came to the conclusion that bank finance alone was not regarded as one of the major obstacles to economic growth in the Atlantic provinces and that it has not been a major factor in the fluctuations in activity in that particular region. In fact he went even further when he declared that whatever the conceivable effects, the real effects of credit restriction within the region appear to have been far less conspicuous than the damping effects of credit restrictions outside the region and of obstacles to expansion in other markets. This, again, is very significant to the situation we have to face today in the Atlantic provinces.

In other words, he said the existing monetary policy in its general application was detrimental to the economy of the Atlantic region and contributed in no uncertain terms in creating a contraction in markets which was reflected largely in areas which already operated under unfavourable conditions.

Mr. Cairncross made it very clear and significant that he could see no way of keeping interest rates on private loans in the Atlantic provinces below the rates obtainable on comparable loans elsewhere. But he did not hesitate to suggest that loans from public bodies were quite another matter and this did not prevent such agencies as Central Mortgage and Housing Corporation relieving existing shortages by allowing the building industry more leeway and offering special help where it was most needed. He did not hesitate to suggest that such agencies as the industrial development bank could apply special or preferred policies to the Atlantic region.

I know that the Minister of Forestry (Mr. Flemming), who was one of the Atlantic premiers who asked for the services of Mr. Cairncross, would be interested in expressing his opinion and showing his influence with the present government so that some of the recommendations made in this report could now be implemented to the advantage of the Atlantic provinces.

Mr. Churchill: What report is this?

Mr. Robichaud: This is the report of Mr. Cairncross, who was engaged by the Atlantic premiers to make a survey of the economic development of the Atlantic provinces.

Mr. Churchill: Mr. Speaker, would the hon. member answer a question? Would the hon. member inform the house how he relates that to the motion before us?

Mr. Robichaud: Mr. Speaker, I certainly relate this report to the motion which is now under consideration. The amendment introduced this afternoon by the Leader of the Opposition is to the effect that the double depreciation program now offered by the present government is insufficient, ineffective and cannot cope with the situation. It cannot benefit the Atlantic provinces; it cannot benefit depressed areas. The recommendations made by Mr. Cairncross are certainly in line with the policy which should be adopted by the present government if they wish to be of any assistance to the areas concerned.

In his possible line of action Dr. Cairncross went even further. Here he was dealing directly with the economic development of the area. He says as found at page 32 of his report:

First of all, since the principal handicap to industry in the Atlantic provinces is distance, there is a presumption that lower transport costs would be of immediate help, particularly if the reduction were concentrated on outward freight.

Further on in his report he says:

I come finally to tax incentives.

Tax incentives certainly have some relationship to the double depreciation offer now being made by the present government. Dr. Cairncross continues:

I assume that such incentives, to be effective, would have to be offered exclusively in scheduled areas of Canada; and for administrative reasons these areas would almost certainly have to coincide with provinces.

Mr. Phillips: On a point of order, Mr. Speaker, the hon. member is reading from the Cairncross report, which is not available to all hon. members of the house—

Some hon. Members: Oh, oh.

Mr. Phillips: —and which has not been tabled.

Mr. Habel: Go to the library and get it.

Mr. Robichaud: On a point of order, Mr. Speaker—

Mr. Speaker: I am afraid the hon. member's time has expired and it will be unnecessary to deal with the point of order.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, when the Minister of Finance (Mr. Fleming) moved a motion for the house to go into committee of supply the Leader of the Opposition (Mr. Pearson) rose to

speak. After touching upon many subjects prior to coming to the particular item on which he intended to move his amendment, the Leader of the Opposition eventually moved the amendment that all the words after "that" be deleted and the following substituted therefor:

"this house is of the opinion that the provision for double depreciation announced last December will prove ineffective in dealing with the problems of depressed areas, and regrets that the government has imposed the responsibility for the designation of such areas on the municipalities, and that the definition of depressed areas is too restrictive."

Mr. Speaker, the Leader of the Opposition in moving this amendment had before him, as he admitted, the whole field of government action. The hon. gentleman pointed out in his preamble to this amendment that he had an opportunity to deal today with whatever problem he and his party considered was of the greatest importance and difficulty in our country at the present time. What he selected was the formula to deal with double depreciation for those areas where industrial employment has fallen off.

The Leader of the Opposition does not like the formula that has been set up by the government. The hon. gentleman said that if he had it to do he would do it differently. As I pointed out the other day, if the hon. gentleman and his party had it to do they probably would not do it at all.

It is interesting to note that the hon. member spent a good ten or 15 minutes of the time allotted to him in dealing with the sins of omission and commission which took place at the great Conservative rally which just terminated in this capital city of Canada. May I say this. What a demonstration that was of party unity and of party harmony compared with the disorganized efforts of the recent Liberal party catastrophe which took place last January. Who can ever forget the immortal television appearance of the Liberal leader or his immortal line "Better get them out of the way." Yes, the accent was on youth at that disorganized rally in January, so much so that the youth got shoved aside so the Leader of the Opposition could have his moment on television.

What a difference there was in that hurried almost panting exhibition of disorganized frenzy compared with the high-level statesmanlike discourse of the Prime Minister of Canada (Mr. Diefenbaker) last Friday night.

When we talk about disorganization it seems pertinent to point out that there appears to be a great deal of disorganization in the Liberal party these days. The Toronto *Globe and Mail* recently carried a report of a meeting held in Brantford on March 19. According to the newspaper account the hon. member for Niagara Falls (Miss LaMarsh) urged the young Liberals to become the radicals of their party. She is reported to have said that the Liberal party had become conservative at the top and now was the time to build from the ground up.

Mr. Pearson: We believe in free enterprise.

Mr. Starr: Every man, woman and child in this country, as they watched and heard the Prime Minister on television when he spoke on Friday, must have felt that here was a great Prime Minister worthy of a great country. When we look at the overseas newspapers this week such as the great London *Times* and others, it can be seen that the Prime Minister of Canada was the dominating figure at the meeting of commonwealth prime ministers.

Mr. Speaker: I do not like to interrupt the minister but while it would be permissible, as I have indicated earlier, to reply to the reference of the Leader of the Opposition to the Conservative conference, I do not think the hon. gentleman brought in the prime ministers' conference in London and it would be quite out of order to deal with that.

Mr. Starr: I simply wanted to point out the difference between the actions of the Leader of the Opposition and those of our great Prime Minister and to illustrate in what great respect the Prime Minister is being held the world over.

What does this amendment to the motion amount to? It states that the provisions relating to double depreciation will prove ineffective. How are hon. gentlemen opposite in a position to decide this at this time?

Mr. Pearson: We can read.

Mr. Starr: This is the same old negative attitude that we have come to expect from hon. gentlemen on the other side of the house, time and time again. Why do they not give this proposition a chance to work itself out?

Mr. Pickersgill: Work itself out?

Mr. Starr: How do they know it is not workable?

Mr. Pickersgill: Three and a half months.

Mr. Starr: It was announced only on March 2.

Mr. Pickersgill: December 5.

Mr. Starr: The criteria were announced on March 2. There is no use twisting and turning and attempting to say it was announced in December. In the baby budget it was announced that this proposal would be brought forward and the criteria were announced March 2.

Mr. Pickersgill: And nothing has been done since.

Mr. Starr: Why are hon. members opposite in such a rush about this if they do not believe it is of any value? The municipalities do not think in the same way as hon. members in the official opposition do.

Since I made the announcement in the House of Commons on March 2 last with respect to surplus manpower areas there have been relatively few municipalities which have made inquiries about their areas being included under the program. The first of these inquiries came from the city of Cornwall. The Department of Labour immediately contacted the mayor of Cornwall and arrangements have now been made to inquire fully into the employment and unemployment situation in that area. I expect a decision will be made within a few days in this case based on the findings in that area concerning the employment and unemployment situation in relation to the criteria that have been announced.

Requests for consideration and inquiries about the basis for including areas under the double depreciation program have also been received from Drumheller, Windsor and a few other areas. I have been rather surprised, especially in view of the concern expressed by hon. members of the official opposition, that we have not heard from more areas and localities. The fact that we have not done so, I feel, proves that there are not too many areas which regard themselves as depressed areas and that it was sound not to name these areas without first enabling the municipalities to request their inclusion subject to their meeting the test. I think that proves the fact.

Hon. members opposite say nothing has been done in respect to our economic situation. Since November 17 last this government has announced and brought down a total of 23 different measures and pieces of legislation.

Mr. Pickersgill: Twenty three?

Mr. Starr: Yes, 23. If the hon. member would like me to do so I should be glad to list each and every one of them and go into detail.

Mr. Hees: Go ahead.

Mr. Pearson: The hon. member would be out of order but it is all right with us.

Mr. Starr: A great many of these 23 measures and pieces of legislation are "firsts" in this country. This government has not hesitated to tackle any "first" in terms of measures or legislation that would help this situation.

I might just run over the list. It includes measures relating to housing, small business, rural rehabilitation, municipal incentive, export credits, civilian rehabilitation, sewage loans and capital projects. The list is a lengthy and impressive one totalling some 23 various measures. Hon. members opposite say these things are not enough. In many cases hon. gentlemen opposite are not prepared to give these measures a chance to work out just as they are not prepared to give the measure under discussion a chance to work out. As I mentioned a moment ago, this particular measure was announced in this house on March 2. The opposition want results. This desire comes from a party which took over 20 years merely to examine health insurance in this country. What are they really saying? They are saying, "We do not like this measure; it will not work; we would have done it differently". The same speech has been used with regard to every measure that has come before this house since November 17. Whatever it is, they do not like it. It is not enough, or it is too late.

Mr. Pickersgill: Both.

Mr. Starr: Or they would have done it differently. But, Mr. Speaker, in each and every case they stood up and voted for the measures. The point is that they had the chance but they did not do any of these things. They certainly had plenty of chances.

Mr. Pickersgill: We had full employment then.

Mr. Starr: The hon. member certainly had plenty of chances in many instances to do something about the situation that existed during his term of office, or the 22 years in which his party was in power.

They say this formula is too restrictive. It is meant to be restrictive. It is an incentive formula. It is meant to be restricted to those areas in which it is needed. We want industry to go where it is needed. If you open it up wide industry will not go to those areas. Surely even the opposition can see the logic of this.

Mr. Harkness: It is logical; therefore they will never see it.

Mr. Starr: Let us look at their six-point program. Let me say that theirs is certainly not a policy of getting there first with the most. They get there last with the least.

After all those years in office, and after three years in opposition with not a peep from them about this matter or any matter like it, they wait until this government introduced a program and then they come in with a six-point program. Are they trying to tell us that in all those years of Liberal rule, as the hon. member for Bonavista-Twillingate (Mr. Pickersgill) said a moment ago, there was not a single area in Canada with problems of unemployment? Whom are they trying to kid, Mr. Speaker? What did they do about those problem areas? Not one single

thing did they do. There is no record to show that they did anything about the problems that occurred in the 22 years in which they held office.

Mr. Pickersgill: Did the minister ever hear of Camp Gagetown?

Mr. Starr: Mr. Speaker, the hon. member sat there for two minutes racking his brain and he came up with Camp Gagetown.

Mr. Pickersgill: Did the minister ever hear of the Canso causeway?

Mr. Pearson: And the St. Lawrence seaway?

Mr. Starr: There were many areas of unemployment during that time about which the Liberal government did nothing. Never at any time did they accept responsibility for unemployment in this country in the 22 years during which they were in office.

Mr. Pickersgill: We had full employment.

Mr. Starr: Now, in this session of parliament they want us to set up an agency which would designate depressed areas. Let me tell them that no area, and certainly no municipality in this country, is asking to be designated as a depressed area.

I want to refer to what was said by the hon. member for Fort William (Mr. Badanai) when he asked that his municipality should be made a depressed area. I also wish to refer to what the hon. member for Niagara Falls said as reported at page 2648 of *Hansard* on March 3:

> On a previous occasion I have styled as a depressed area the riding which I have the honour to represent. This has met with incredulity on the part of the Prime Minister (Mr. Diefenbaker) and with indifference on the part of the Minister of Labour (Mr. Starr).

That was on March 3, Mr. Speaker. On March 6 an editorial appeared in the *Evening Review,* which is published in Niagara Falls, headed, "Miss LaMarsh Off Base". It reads in part:

> In the light of recent industrial developments, this sector should not be classified as a distress area for special federal aid. Miss Judy LaMarsh, M.P., thinks otherwise, against the opinion of Labour Minister Starr.
>
> Let's look at the facts: $1 million addition to the Canadian Ohio Brass; another $1 million extension at the Nabisco plant and $6 million in the new Ford plant.
>
> With such industrial expansion it is inconceivable that our member feels we should qualify—

That is the answer with respect to the feelings of municipalities in this country when they are designated as a depressed area even by the member representing the area.

Mr. Pearson: They have to do the designating themselves.

[Mr. Starr.]

Mr. Starr: What we are asking is very different. We are asking those municipalities and areas in which there has been a substantial decline in industrial employment to apply for designation as an area where double depreciation will be allowed to new industries. This is simple enough. In connection with the designation there is a formula. In speaking this afternoon the hon. member for Peterborough (Mr. Pitman) said he could not understand why 1953, as an example, was the date from which this was taken. I explained that matter on March 2. I said, as reported in *Hansard* at page 2569:

> The term "surplus labour market category" used in the criteria, I might explain, has reference to the classification of labour markets which has been published monthly in the *Labour Gazette* by the Department of Labour since 1953.

That was the first year when these figures were published and made available. That was the reason why we went back to that date. That is simple enough. I think this explains whatever the hon. member may have had in mind.

They tell us in their six-point program that they will follow suitable criteria. They do not tell us what those criteria will be. They very carefully avoid telling us what they will be except that they describe them as suitable criteria. They do not explain to us how the criteria they have in mind will differ from the criteria in existence at the present time, which we announced on March 2. For all we know their criteria may not differ at all, but they do not set that out. They bundle up a number of other things that this government is already doing and say that this is their six-point program.

They talk about a flexible fiscal policy. Surely no government has ever had a more flexible fiscal policy than has this government. That has been proven from the date when we took office. In this six-point program they talk about tax incentives. They never heard about tax incentives until we brought in this measure.

Mr. Pickersgill: Huh.

Mr. Starr: The hon. member for Bonavista-Twillingate says "huh".

Mr. Hees: He had a big dinner.

Mr. Starr: Let me ask him this. When his party formed the government, did they ever have a tax incentive plan?

Mr. Hees: Never.

Mr. Starr: Never. They say there should be special consideration in public works programs. We are doing this now. We have had the largest public works program any government ever undertook in this country.

Mr. Bourget: Public works have been going down for the last two years.

Mr. Starr: They say there should be special consideration in the winter works program, and this is what makes it special. They want us to include the cost of materials. I submit, Mr. Speaker, that this is really a good one. For three years now since we announced the municipal winter works program they have been tearing the program apart inside the house and outside the house. Now they want it extended.

Mr. Pickersgill: We always have.

Mr. Starr: Now they want it extended. They tore it apart. They said it was peanuts, that it was no good.

Mr. Deschatelets: That is right.

Mr. Starr: What do they do? They incorporate into the Liberal party's six-point master plan this program which was originated and inaugurated by the Progressive Conservative government three years ago. If this is what the Leader of the Opposition so frequently refers to as bold, imaginative, planning, I could not agree more. All they have to do is to pick up the measures we have brought in, demand that they go a little farther and this is the bold, imaginative action of the Liberal party. That is all they have to offer.

They want easier credit facilities and separation of the industrial development bank from the Bank of Canada. All I can say about that is that the industrial development bank started to fulfil its purpose only after this government took office. That is when it started to fulfil its purpose. Prior to that time it might as well not have existed.

They also talk about urban renewal and rural development. Mr. Speaker, these are just two more instances of measures brought in by the Progressive Conservative government and which they now seek to adopt as their own. This so-called six-point program is a phony, I submit. It is counterfeit goods, Mr. Speaker, and this is easy to prove. When you remove from their program the measures already brought in by this government, what have you left? You have a two-point program and a very feeble and shaky one at that.

I am glad that the Leader of the Opposition spent so much time in following on television the great Conservative convention and reading about it in the press. No doubt we shall soon be having more new ideas from him and his cohorts, all based on ideas already introduced by the government. But let me say this, Mr. Speaker. This method of operation makes being in the opposition a pretty simple business.

Labour Conditions

Mr. W. H. McMillan (Welland): Mr. Speaker, in his baby budget on December 20 the Minister of Finance (Mr. Fleming) said, as found on page 1007 of *Hansard*, that he was anxious to do everything within the means of the government to encourage initiative and enterprise. In other words, he would do everything possible to stimulate our economy. Then he went on to say:

> As a powerful incentive to these ends I am pleased to announce measures to fulfil three major purposes: first, to assist new industries in areas where there is a substantial degree of continued unemployment over the years; second, to aid the development of new products from processing operations not hitherto carried on in Canada; and, third, to encourage the production of new types of goods.

The minister proposed to accomplish these things by allowing double depreciation on capital expenses incurred on new construction and new machinery purchased to accomplish these objectives. He proposed that the taxpayer would have the option of writing off these expenses on the basis of double depreciation in any one of the first three years. The need was great and, as the Minister of Finance said, the incentive was powerful but it took over two and a half months for the Minister of Trade and Commerce (Mr. Hees) to get around to announcing the regulations in the house on March 8.

Earlier on March 2 the Minister of Labour (Mr. Starr) announced certain very restrictive criteria which would apply and which municipalities and areas had to meet before double depreciation would be allowed. Under the regulations municipalities must apply and prove their cases. Some municipalities had been interested but when they saw in the press that not even Elliot Lake could qualify under these restrictive regulations they lost interest. I heard the Minister of Labour say earlier tonight that municipalities did not want to be classified as being distressed areas. I know of municipalities right now that do not think there is any use in applying because of what they have seen in the press concerning Elliot Lake. I will come to that matter a little later.

I heard the minister and others refer to what took place at the Conservative powwow last week and I would have thought they might refer to double depreciation but there was nothing in the press about it. The Minister of Public Works (Mr. Walker) said, "All we need is confidence and faith". He did not say whether we should have confidence and faith in the Almighty or in the Tory party. I imagine he meant the Tory party.

To my mind the Minister of Finance seemed to be in a haze and to be going about in a world of unreality.

Mr. Pickersgill: After all, it was a Tory convention.

Mr. McMillan: He did not refer to unemployment or double depreciation. To use his words, he said that there was a terrific financial mess at the time the government came into office although at that time Mr. Harris had a surplus. Rather than referring to double depreciation, the minister referred to the high interest rates under the former government; but he did not tell the convention that the average interest rate on our debt was under 3 per cent, being 2.97. He admitted that himself in his first budget speech. He did not tell the convention that he and the Prime Minister (Mr. Diefenbaker) went on the air and begged, pleaded and paid the people to convert their bonds and bring the interest rate up to 4½ per cent.

I should like to refer to one other thing and then I will leave the Minister of Finance. He did not talk about the high interest rates that resulted from his excessive borrowing to meet overspending. The minister did not abandon this high interest rate policy until the press of this country called for more sanity in finance. He attempted to use more sanity in finance after that.

I would refer to that convention as a "flopnik". It certainly was a "flopnik" if you listened to the commentators. It messed around and sputtered around a bit but never got off the ground.

Mr. Speaker: Order. In the last part of his speech, the hon. member has been dealing with some things that are not mentioned in the amendment.

Mr. McMillan: I was replying to the minister.

Mr. Speaker: The hon. member is quite in order in replying to the minister, but latterly I think he broke new ground on his own initiative.

Mr. McMillan: Then, Mr. Speaker, I shall just say that this is a weak program put out by a weak government. I have seen several editorials concerning this double depreciation program, but I have yet to see one that is favourable. None of the editors has been able to swallow this plan, in spite of what the Minister of Labour said earlier tonight. I believe the minister mentioned Drumheller, Windsor and other places. He said that many of these areas did not want to consider themselves as depressed areas. I know of one municipality right now that would like to come under this double depreciation program for one year.

I should like to refer to some of these editorials which appeared in newspapers that are not unfavourable to this government.

Mr. Pallett: The municipality must think it is a good program.

Mr. McMillan: A number of these newspapers are always on the side of this government whenever that is possible, but apparently that is not possible in so far as this issue is concerned. The Toronto *Globe and Mail* of March 6, 1961, says, "No solution here". The article continues:

> The old saying about a mountain labouring and bringing forth a mouse applies to the dominion government's proposals for aiding depressed areas as outlined in the House of Commons this week by Labour Minister Michael Starr. They constitute a poorly thought out and thoroughly inadequate approach to a serious problem.
>
> It might have been thought that any such program would begin by naming the districts or communities which the cabinet considered to be in need of special help. But Mr. Starr indicates that the government would not designate particular areas. The local authorities would have to establish, to the cabinet's satisfaction, that their communities were economically sick.

I could continue quoting from these newspaper articles. Even the Ottawa *Journal* says that the government has sidestepped naming Canada's depressed areas. Similar articles have appeared in the *Financial Post*, the *Financial Times* and the Halifax *Chronicle-Herald*. The Halifax newspaper, which I believe supports this government, terms this a debilitated program, and I think that comment is aptly worded.

Earlier today my leader put on the record a six-point program designed to help these areas of chronic unemployment. I would predict that by tomorrow the cabinet ministers will be saying they have never heard anything about it.

In the few minutes I have left, I should like to refer to my own area. Some municipalities in my area want to know whether they can qualify under this plan for double depreciation. There are many unemployed in the city of Welland, in Port Colborne and in the Thorold area. I do not have the precise figures, but over the week end I was told there were approximately 3,000 unemployed in the city of Welland. This is quite a large number. Many young people who have just entered the labour market have been unable to get work. Industries have been cutting back their labour forces. This cut-back has been the result of automation as well as a lowering of the demand for production. These industries have been unable to sell their products. One result has been that the workers in the 40 to 45 age group have been thrown out of work.

The men in this age group cannot secure new employment because of their age. Even if a new industry were established in these areas, the men in this age group would still find it difficult to get work. I have referred

before to the fact that the pension plans in many of these plants militate against older men securing employment. I believe these remarks would apply to any new plants that might be established under this double depreciation plan now proposed by the government. Even if a man in the 40 to 45 age group did take vocational training, he would still face the problem of age when he sought new employment. I think something should be done to cope with this problem. These remarks might not be quite in order, Mr. Speaker, but this is a factor in the unemployment in my area and in several other areas. Many of these people become unemployed after reaching 40, and that is the very worst time in their lives for this to happen. I feel that the government should give some consideration to this group of older workers.

I have often said in the house that something could be done through the provisions of the Income Tax Act. I think the government could provide earlier vesting in pension funds by withholding in whole or in part the right to exemptions which is allowed under the Income Tax Act. If this were done it would contribute a great deal toward helping people to find jobs. Certainly in our area a number of people have run out of unemployment insurance benefits. If a new factory were established in that area, it would help the young people. However, as I said before, you would still have the problem of the older workers. While I might be out of order, I should like to bring this problem of the older workers to the attention of the government at this time.

Some question has been raised as to whether or not the people in these areas are actually hungry. In passing, I might say that three Toronto newspapers have said there are hungry children in Toronto. During the consideration of the departmental estimates, I should like to say a word about nutrition. I think that if the government did nothing in addition to what they are now doing except to see to it that the children and others were properly nourished, they would have taken an important step at this time.

Over the week end I was talking with some officials in Welland who did not think the present regulations would allow double depreciation to the plants in Welland if they proceeded to make new products. I was informed in Welland—and I do not know whether it is so—that Welland stands second to Peterborough with the largest number of people per capita on the relief rolls in Ontario.

The government has advertised this scheme as a stimulant to our economy but I say that it is too restrictive and inflexible to be anything of the kind. This is further evidence in my opinion that the government is giving no serious consideration to the problem of unemployment. We heard the Minister of Finance say not long ago that there was no emergency in respect of unemployment. When I heard the Minister of Finance make that remark, and when I looked at these measures brought forward by the government, I came to the conclusion that the government is not taking the matter of unemployment very seriously at all.

We heard the Minister of Labour announce the criteria the municipalities would have to meet before they could be classified as surplus manpower areas. I suggest that announcement is the biggest farce that I have ever heard in this House of Commons. According to the explanatory memorandum of the Minister of Trade and Commerce, as tabled here not long ago, these areas will be eligible, under certain regulations, to be declared as surplus manpower areas by the governor in council. Municipalities must apply on certain prescribed forms and the Department of Trade and Commerce will then decide whether they are eligible as areas for double depreciation. These regulations, as I said, must be complied with in order that the governor in council can name a municipality as a surplus manpower area entitled to the double depreciation. I would appeal to the government to give to the criteria a more generous interpretation than they have indicated will be given so far in this debate.

I think it is natural that the people in my riding of Welland would be very happy indeed to have a new industry established there. I feel that this would certainly allow many of the young people to go to work and would, I hope, as well provide jobs for the older unemployed workers. I would again appeal to the government on behalf of the older workers for the establishment of a portable pension. I might suggest that no matter what trade an older man took up he would still be faced with the problem regarding his age; and he would certainly benefit greatly by the establishment of a portable pension which, as the Minister of Finance has said, could be easily done through the provisions of the Income Tax Act. If this were done I feel that many of these people would be able to continue working rather than be forced to lead lives of uncertainty, as they are bound to do for the rest of their lives without it.

(Translation):

Hon. Pierre Sevigny (Associate Minister of National Defence): Mr. Speaker, it is not without some curiosity that the hon. members

of this house have been awaiting the amendment to this motion which we expected from the official opposition in the course of this debate. We were thinking, and not without reason, that in view of the variety of subjects of interest to this house, perhaps for once the Liberal opposition would get away from its pet subject and would mount another horse than its traditional subject of unemployment conditions in North America.

Our curiosity has been disappointed once again. As we now know, our Liberal friends have again decided to go on discussing unemployment.

It is quite obvious for hon. members of this house that our friends in the opposition have little to complain about, and it is probably because they are short of arguments that they go on repeating, practically on the same note, the same old song on the unemployment problem. There are those among them who discuss it in rather bitter terms, perhaps because they are of a bilious nature; others deal with it in a sarcastic way, perhaps on the theory that by being funny, they may gain forgiveness for their own ignorance in relation to other problems. The fact is, however, that they keep repeating the same thing over and over again, obviously in the hope of gaining some political prestige by capitalizing on the hardships of those who, unfortunately, in Canada as elsewhere in North America, and through economic circumstances beyond our control, now find themselves swelling the ranks of the unemployed.

The Leader of the Opposition (Mr. Pearson), at the outset of his remarks this afternoon, strongly denied that he or his associates were using this unemployment situation to make political hay. Certainly, I would not want to raise doubts about the word of so distinguished a man as the Leader of the Opposition, yet I do regard as rather strange this constant repetition of the same arguments in this house, on the political hustings, on television and elsewhere, always on the same subject, without ever a change of tone. This leads me to believe that there is certainly an underlying political motive.

I recall, for instance, what happened in this house on February 2 last, when just to put on an act for the benefit of members of the labour congress who were here at the time, the hon. member for Essex East (Mr. Martin) rose and despite interruptions from the chairman and from others who were seeking to restore order, proceeded to repeat the same arguments merely to put on a show meant to impress the members of that group who were in the gallery at the time. If hon. members go back over the official record of that discussion which took place on February 2 last, I think they will, like myself, come to the conclusion that the hon. member for Essex East in his remarks was thinking much less of the plight of our Canadian unemployed than of the political fate of the Liberal party.

Mr. Speaker, it is unfortunate that the opposition should go on blaming the government for an economic situation which was largely the result of its own lack of foresight when the Liberal party was looking after this country's business, and of economic circumstances of considerable scope which are not only felt here in Canada, but throughout the North American continent.

One thing is certain, Mr. Speaker, there is too much unemployment, not only in some areas of this country, but everywhere in North America. However, I believe that it is important to look for the causes behind that situation elsewhere than in the present government's activities, because the situation is the result of events shaped by the second world war and the period which followed the victory in 1945.

It is important to remember, Mr. Speaker, that in 1939, at a time when the nation was headed by a Liberal government, there was a tremendous amount of unemployment in Canada. In fact, if I remember correctly, I think the rate of unemployment was between 9 and 10 per cent; and without the world disruption caused by the second world war, it is certain that the government at the time would have been very hard put to find a solution to this unemployment problem which had been in existence for four years and was baffling the experts. However, war broke out and all the efforts of Canada's citizens as well as those of citizens of other countries, were concentrated on defence. The government was thus able to use all those energies, and war did away with the hideous spectre of unemployment which had been plaguing the nation under the Liberal government in 1939.

In 1945, the war fortunately, came to an end. The people of the world, at that time, were so anxious to get the things they had been deprived of during the war years that they turned to industry and trade in an attempt to acquire those things which make our standard of living perhaps the highest in the world. It seemed that the mass of buyers who wished to have a house, furniture, a refrigerator, a car, or any of those things which make modern life so enjoyable was inexhaustible. The whole world wanted to

have the comfort of which it had been deprived, and that explains why our industry, like that of the United States, went through unprecedented development.

Furthermore, Mr. Speaker, these countries devastated by war were bound to reconstruct their economy and came here to get those products which, unfortunately their destroyed industries could not produce. But today, circumstances have changed, so that in some sectors of our economy, where previously production could not keep up with demand, we now have a surplus production.

Furthermore, Mr. Speaker, those countries who suffered from the second world war have now reconstructed their economy and instead of importing are now exporting, the result being that, today, German, French, British, Italian and Japanese products are competing with American and Canadian products on all world markets.

This means that the law of supply and demand is still playing the same part it always played during the second world war, and particularly during the post-war years, with this difference that in certain spheres of the Canadian and American economy, we are going through a period when supply is greater than demand. This is the reason for unemployment in certain areas where manufacturers have to produce less of the goods that is not easily marketable.

This also explains why some businessmen are experiencing some difficulty in selling Canadian products which come in competition with those now being manufactured in those war devastated countries that are once again prosperous and that are competing with us on domestic and world markets.

The facts I have just referred to, Mr. Speaker, are well known to the members of the Liberal opposition. However, always in the hope of achieving the political aims that obsess them, our good friends in the opposition keep on blaming the government for all the evils and the uneasiness which affect our economy in certain places. Moreover, they choose to disregard completely the fact that this government has already taken every sound and reasonable step possible to maintain the economy at its present level. Our friends also continue to speak of distress, of chaos, of disorder and of poverty, in spite of the fact that the reports of Canadian companies show that 1960 has been, once again, a record year; in spite of the fact that, according to the dominion bureau of statistics, more workers are presently employed in Canadian industry than ever before in our history; in spite of the fact that our export trade, thanks to the imaginative policy of the Minister of Trade and Commerce (Mr. Hees), is expanding; and in spite of the fact that chartered bank reports indicate that, during 1960, more money was earned by more Canadians than ever before in the history of our country and that, notwithstanding the fact that more money was spent, the savings level exceeded all previous records.

But this does not satisfy our hon. friends and, in spite of the fact that our economy is really doing fine, they go on preaching their policy of gloom and doom, and this, I repeat, with the sole object of making political capital at the expense of the Canadian people.

Mr. Speaker, I see it is ten o'clock. May I resume my seat?

(Text):

BUSINESS OF THE HOUSE

Mr. Pickersgill: Before you leave the chair, Mr. Speaker, I wonder whether the house leader could give us any guidance on the program beyond tomorrow. Is the program the same?

Mr. Churchill: The program stands, Mr. Speaker, but I might repeat it so it is available to hon. members in *Hansard*. Tomorrow there will be a continuation of this debate. On Wednesday we will deal with interim supply, and if there is time that will be followed by supplementary estimates.

On Thursday we will deal with the resolution in the name of the Minister of Agriculture with respect to agricultural development, followed by the estimates of the Department of Agriculture on Thursday and Friday. Should those estimates be completed on Friday, we will deal with the estimates of the Post Office Department.

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

APPENDIX

COMMONWEALTH CONFERENCE

MEETING OF COMMONWEALTH PRIME MINISTERS, LONDON, MARCH 8-17, 1961.

Final Communiqué

The meeting of commonwealth prime ministers was concluded today. Pakistan, Ghana and Cyprus were represented by their presidents. The other commonwealth countries were represented by their prime ministers.

It had been agreed that on this occasion the prime ministers would concentrate their main attention on a limited number of specific problems which are currently of common concern to them all—namely, disarmament, the structure of the United Nations and certain constitutional problems affecting the commonwealth itself. At the outset of the meeting, however, the prime ministers held a general review of the international situation as a whole, in order to set these particular problems in the perspective of current world events. They also considered, in the course of their meeting, recent developments in the Congo and in southeast Asia.

The prime ministers reaffirmed the support of their governments for the efforts of the United Nations to restore order in the Congo and to secure the independence and integrity of the republic. They deplored outside intervention in the Congo and recognized that many of the problems which had arisen were due to such intervention. They considered that United Nations forces in the Congo should be strengthened and that the security council resolution of February 21 should be fully implemented.

The prime ministers noted with concern the situation which had developed in Laos. They expressed the hope that the parties would be able to reconcile their differences, that intervention from outside would cease, and that Laos would be enabled to enjoy an independent, neutral and peaceful existence.

The prime ministers held a full discussion on the problem of disarmament. They recognized that this was the most important question facing the world today and considered that a favourable opportunity was now at hand for a fresh initiative toward a settlement of it. They agreed that the aim should be to achieve general and complete disarmament, subject to effective inspection and control, on the general lines indicated in the statement in Annex I of this communiqué. They recalled the resolution on general and complete disarmament which was adopted unanimously at the fourteenth session of the general assembly. They agreed that every effort should be made to implement this resolution by agreement between the major powers and that further negotiations for this purpose were necessary. Certain proposals designed to promote such negotiations have been put by various countries before the United Nations.

The prime ministers expressed their hope that the negotiations on the cessation of nuclear weapons tests, which were due to reopen at Geneva on March 21, would lead to the early conclusion of an agreement on this subject. Such an agreement, apart from its importance in itself, would provide a powerful impetus toward agreement on disarmament generally.

The prime ministers considered the various proposals which have recently been put forward for changes in the structure of the United Nations—including, in particular, the structure of its councils, the position of the secretary general and the organization of the secretariat. They recognized that such changes could only be made with general consent. They agreed that, whatever adjustments might be made, it remained vitally important to uphold the purposes and principles of the United Nations charter and to preserve the international and independent character of the secretariat. They further agreed that members of the commonwealth shared with all nations a fundamental common interest in maintaining the integrity of the United Nations as a force for orderly political, economic and social progress throughout the world.

The prime ministers also discussed certain constitutional questions relating to commonwealth membership. The conclusions reached were announced in communiques issued on March 13, 15 and 16 relating, respectively, to Cyprus, South Africa and Sierra Leone. The text of these communiqués is reproduced in Annex II.

Annex I to Final Communiqué

Aim

1. The aim must be to achieve total worldwide disarmament, subject to effective inspection and control.

2. In view of the slaughter and destruction experienced in so-called "conventional" wars and of the difficulty of preventing a conventional war, once started, from developing into a nuclear war, our aim must be nothing less than the complete abolition of the means of waging war of any kind.

Principles

3. An agreement for this purpose should be negotiated as soon as possible, on the basis of the following principles—

(a) All national armed forces and armaments must be reduced to the levels agreed to be necessary for internal security.

(b) Once started, the process of disarmament should be continued without interruption until it is completed, subject to verification at each stage that all parties are duly carrying out their undertakings.

(c) The elimination of nuclear and conventional armaments must be so phased that at no stage will any country or group of countries obtain a significant military advantage.

(d) In respect of each phase there should be established, by agreement, effective machinery of inspection, which should come into operation simultaneously with the phase of disarmament to which it relates.

(e) Disarmament should be carried out as rapidly as possible in progressive stages, within specified periods of time.

(f) At the appropriate stage, a substantial and adequately armed military force should be established, to prevent aggression and enforce observance of the disarmament agreement: and an international authority should be created, in association with the United Nations, to control this force and to ensure that it is not used for any purpose inconsistent with the charter.

4. On the basis of the above principles, it should be possible, given good will on both sides, to reconcile the present differences of approach between the different plans put forward.

Negotiations

5. The principle military powers should resume direct negotiations without delay in close contact with the United Nations, which is responsible for disarmament under the charter. Since peace is the concern of the whole world, other nations should also be associated with the disarmament negotiations, either directly or through some special machinery to be set up by the United Nations, or by both means.

6. Side by side with the political negotiations, experts should start working out the details of the inspection systems required for the measures of disarmament applicable to each stage in accordance with the practice adopted at the Geneva nuclear tests conference.

7. Every effort should be made to secure rapid agreement to the permanent banning of nuclear weapons tests by all nations and to arrangements for verifying the observance of the agreement. Such an agreement is urgent, since otherwise further countries may soon become nuclear powers, which would increase the danger of war and further complicate the problem of disarmament. Moreover, an agreement on nuclear tests, apart from its direct advantages, would provide a powerful psychological impetus to agreement over the wider field of disarmament.

8. Disarmament without inspection would be as unacceptable as inspection without disarmament. Disarmament and inspection are integral parts of the same question and must be negotiated together; and both must be made as complete and effective as is humanly possible. It must, however, be recognized that no safeguards can provide one hundred per cent protection against error or treachery. Nevertheless, the risks involved in the process of disarmament must be balanced against the risks involved in the continuance of the arms race.

9. It is arguable whether the arms race is the cause or the result of distrust between nations. But it is clear that the problems of disarmament and international confidence are closely linked. Therefore, while striving for the abolition of armaments, all nations must actively endeavour to reduce tension by helping to remove other causes of friction and suspicion.

Annex II to Final Communiqué

CYPRUS

(Communiqué issued March 13)

At their meeting this morning the commonwealth prime ministers accepted a request from the Republic of Cyprus for admission to commonwealth membership. They invited the president of the republic to join the meeting.

SOUTH AFRICA

(Communiqué issued March 15)

At their meetings this week the commonwealth prime ministers have discussed questions affecting South Africa.

On March 13 the Prime Minister of South Africa informed the meeting that, following the plebiscite in October 1960, the appropriate constitutional steps were now being taken to introduce a republican form of constitution in the union, and that it was the

desire of the union government that South Africa should remain within the commonwealth as a republic.

In connection with this application the meeting also discussed, with the consent of the Prime Minister of South Africa, the racial policy followed by the union government. The Prime Minister of South Africa informed the other prime ministers this evening that in the light of the views expressed on behalf of other member governments and the indications of their future intentions regarding the racial policy of the union government, he had decided to withdraw his application for South Africa's continuing membership in the commonwealth as a republic.

SIERRA LEONE

(Communiqué issued March 16)

The prime ministers noted that Sierra Leone would attain independence on April 27.

They looked forward to welcoming Sierra Leone as a member of the commonwealth on the completion of the necessary constitutional processes.

HOUSE OF COMMONS

Tuesday, March 21, 1961

The house met at 2.30 p.m.

FINANCE

BANK OF CANADA—APPEARANCE OF GOVERNOR BEFORE BANKING AND COMMERCE COMMITTEE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in view of the great interest that has been aroused by statements of the governor of the Bank of Canada I should like to ask the Prime Minister whether he can see any reason why the governor should not be asked to appear before the banking and commerce committee which is now in session.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, questions like that are for the determination of the appropriate committee and decision by such committee.

Hon. Paul Martin (Essex East): I should like to ask a supplementary question of the Minister of Finance. In the event that the banking and commerce committee should decide to summon the governor of the bank, would the Minister of Finance, because of his relationship with the governor, provide any obstacle to acceptance on the part of the governor?

Hon. Donald M. Fleming (Minister of Finance): The Minister of Finance does not create obstacles at any time in the way of doing anything that is proper—

Mr. Martin (Essex East): This minister does.

Mr. Fleming (Eglinton): —and he commends that example to the obstructionist member for Essex East.

NUCLEAR ENERGY

REPORTED DEVELOPMENT OF NEW REGIONAL BOMB

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Is the minister in a position to give the House of Commons any information on the alarming statement in this morning's *Globe and Mail* attributed to Dr. Keenleyside that there is a regional bomb now on the drawing boards capable of scourging and sucking into a cloud the whole of Ontario from Ottawa to Windsor if detonated from a height of 200 to 300 miles?

Mr. Speaker: Order. If the minister wants to undertake to answer a question of that kind he may do so, but I take it there is no suggestion that it is on the drawing boards in Canada or that it is the responsibility of any Canadian minister of the crown.

Mr. Argue: On the point of order, Mr. Speaker, there is no reference as to whose drawing board it is on. In my view this is a question of great national importance, and in the light of our international relations and the fact that this matter has to do with defence and external affairs I think it is appropriate to ask the government whether they have any knowledge of a regional bomb now on anybody's drawing board that could destroy most of the province of Ontario.

Mr. Speaker: The hon. member has not really brought out any fact which indicates responsibility on the part of any member of the ministry sitting in this house, but if he wishes to ask a specific minister whether he has such an instrument on his drawing board I think the question would be permitted.

Mr. Argue: I will ask the question in this way. Has the minister any comment to make on the statement that there is on the drawing boards, either in Canada or any other place—

Mr. Speaker: I am sorry, but I cannot accept the question in that form. If the hon. member is prepared to ask whether or not some such activity is the responsibility of the minister, then I suggest he ask the minister that question in order to establish his right to pursue the matter.

Mr. Argue: I suggest that this question is something about which this government must have some concern. I should think it would have an opinion, and if the question is not appropriate for the Minister of National Defence then perhaps it could be directed to the Secretary of State for External Affairs. I would ask whether this government has any knowledge of a bomb of this kind being on the drawing boards any place in the world.

Mr. Speaker: I think I would accept that question.

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, I have no knowledge of any bomb of this sort being on the drawing boards any place. I might say, in connection with this general report of the speech made by Mr. Keenleyside, that there are a lot of other statements in it which I think are subject to very grave doubts.

[*Later:*]

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, this may be considered a question supplementary to that asked by my leader a few minutes ago. I should like to ask the Minister of National Defence whether he would confirm or comment on the claim made in Toronto last night by Dr. Hugh Keenleyside, who is the president of the Canadian national committee for the control of radiation hazards, that, to use his words, "Russia has about 70,000 bombs available". If the minister confirms this statement, does he continue—

Some hon. Members: Order.

Mr. Speaker: Order. I think the hon. member is going outside our practice in asking for confirmation of a factual statement for which the minister has no responsibility, on a subject for which he has no responsibility.

Mr. Regier: Perhaps I might rephrase my question. Is the government aware of the claim that Russia has 70,000 bombs available, and if so is the present policy of the government on civil defence really a contribution to world peace and security?

Mr. Harkness: Mr. Speaker, to begin with I may say that Mr. Keenleyside, I think, has no—

Mr. Regier: Dr. Keenleyside.

Mr. Harkness: —more knowledge of how many bombs are available in Russia than have most people in this chamber. Any estimate as to the number of bombs which may be held by Russia is of course only an estimate, and I have no intention in the world of saying what our estimate is.

However, I would suggest that the mention by Dr. Keenleyside of 70,000 as though this were a definite fact is pure guesswork on his part without any foundation in fact whatsoever. Furthermore, if the Russians have 70,000 bombs, that is not the material thing. The material thing is how many of those bombs they might be able to deliver in an attack on this continent and on the countries of western Europe, and that depends not on the number of bombs they have but on the carriers they have for the delivery of those bombs.

INQUIRY AS TO RESUMPTION OF TALKS CONCERNING TESTS

On the orders of the day:

Hon. Paul Martin (Essex East): I should like to direct a question to the Secretary of State for External Affairs and ask if he is in a position to give the house any information regarding the resumption of nuclear test talks. I ask this question because of the minister's well known interest in the restriction of nuclear weapons in this country.

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, as the house is fully aware, this government remains firmly opposed to the testing of nuclear and thermonuclear weapons. Agreement among the nuclear powers on a definitive cessation of such tests under effective international control would give a welcome assurance that the world would be safeguarded against the hazards they entail. Therefore we are greatly encouraged by the many indications there are that the United States will put forward new and far reaching proposals in a sincere attempt to bridge the remaining differences that separate them from the U.S.S.R. in this field.

This development brings fresh hope to governments and peoples in all countries, large and small, whose interests are so intimately caught up in the success or failure of the Geneva talks. I understand that it will take some days for the new United States position to be outlined in its entirety to the Soviet side. Of course during that period we will be watching with interest and concern to see how the U.S.S.R. will respond to these advances.

As the hon. member for Essex East knows, these talks were commenced in October, 1958, I think it was, and during that time there has been a moratorium on further nuclear tests by the three nations engaged in the talks. This moratorium continues today. We are very hopeful that there will be beneficial results when the talks are resumed.

Mr. Martin (Essex East): May I ask a supplementary question. In view of the hon. gentleman's well known position, as well as that of the government, that there should be a cessation of nuclear tests, may I ask the hon. gentleman if it is the policy of the government to continue to oppose any extension of the countries that might become possessors of nuclear weapons?

Mr. Green: Well, now, Mr. Speaker, the hon. gentleman, as he quite often does, laid a foundation and then asked a question that was not related to that foundation at all but

to an entirely different subject. This government, as I say, has been against any further nuclear tests and that continues to be the policy.

INCOME TAX

CHARITABLE DONATIONS—REPORTED CHECKING OF BOOKS OF ROMAN CATHOLIC PRESBYTERIES

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to ask the Minister of National Revenue whether, in view of the report in this morning's *Globe and Mail*, he is able to deny or confirm the allegation that the department is making special efforts at this time to look over the books of Roman Catholic presbyteries in order to compare their revenues with the receipts for charity donations presented by taxpayers for income tax purposes.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the hon. member was good enough to telephone me a few moments ago, but he did not give me a copy of his question. I did read the article, and all I can say in answer to his question is that the same practice is being carried out in the city of Quebec as elsewhere in the province of Quebec and throughout Canada. It has always been the practice of this department to check on charitable donations from time to time, and when they are excessively large they are checked very carefully.

Mr. Regier: May I ask a supplementary question. In view of the public charge made in this newspaper that $75 million has been lost to the federal government because of fraudulent receipts, will the government make a public announcement at an early date that will completely clear the reputation of the Quebec clergy of this serious accusation?

Mr. Nowlan: Mr. Speaker, the reputation of the clergy of Quebec is not involved in this matter. The clergy of the province of Quebec have naturally as high a standard of integrity and honesty as any clergy in Canada. There is no suspicion, no suggestion and no allegation of anything in this matter. What the Department of National Revenue is doing in this case is carrying on a practice which has been carried on for years, in checking, particularly at this time of the year, on charitable donations and other factors which arise in checking income tax returns.

Mr. Regier: May I ask another supplementary question?

Mr. Speaker: Order.

(Translation):

Mr. Louis Fortin (Montmagny-L'Islet): I should like to ask the Minister of National Revenue a supplementary question. In view of the fact that the press has been using quite blunt language, speaking of a tax Gestapo with regard to those who are now making inquiries in the province of Quebec about receipts for charitable donations, could the minister tell the house whether he has received, either officially or unofficially, complaints from anyone about that matter?

(Text):

Mr. Nowlan: To the best of my knowledge, Mr. Speaker, I have not received any official complaints. Several members of parliament spoke to me yesterday about this matter in view of letters which I believe they had received. I was informed that a letter was coming to me from some of the clergy asking for clarification of certain practices of the department but to the best of my knowledge there has been nothing of that kind received up to this time.

CANADIAN BROADCASTING CORPORATION

PROGRAM "HERE LIES MRS. MORIARTY"—INQUIRY AS TO PROTESTS

On the orders of the day:

Mr. John Pratt (Jacques Cartier-Lasalle): I would like to direct a question to the Minister of National Revenue. Could the minister inform the house whether any protests have been received by the Canadian Broadcasting Corporation in regard to a television program entitled "Here lies Mrs. Moriarty", written by Richard Morris and Michael Leighton, produced by Mel Breen and presented by General Motors Corporation, in which a story set in Ireland portrays every single one of a dozen so-called Irish characters as either liars, idiots, thieves, drunkards, corrupt officials or corrupt clergymen, murderers, or as possessing various combinations of these rather undesirable characteristics? In view of the fact that not one single decent character was to be found anywhere among the Irish characters, and in order to protect the Canadian Broadcasting Corporation staff from possible mayhem, could the minister use whatever influence he may have to persuade the C.B.C. to avoid such studied insults to a friendly people, at least during the week of their national celebration?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, in the first place I can assure this house that I have no influence for the protection of Canadian Broadcasting Corporation officials against anything, not even attacks by Conservative members of parliament or anyone else. I

have been informed that there have been six telephone calls received in Ottawa and four in the city of Montreal, and that is the extent of the complaints. Mr. Blackburn, a columnist of some reputation in Canada, has said that this was the finest example of wit and humour he has ever seen the C.B.C. put on television. I have spoken to several people of Irish descent, who have not been so far removed from the "ould sod" that they have lost their sense of humour, who also appreciated it, as I did myself.

PUBLIC WORKS

SEWAGE DISPOSAL PLANTS—PROTESTS RESPECTING LOAN POLICY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Public Works. Has the minister received any complaints from smaller municipalities to the effect that they find the regulations in respect to loans for the construction of sewage disposal plants somewhat too restrictive, as they only provide for front line sewers and things of that sort, and also that in their opinion they to some extent lack definition?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, no matter what the government does and no matter how noteworthy it is, we always get complaints. In this instance we have received a few complaints because municipalities both large and small would like us to further extend this sewage plant legislation. However, the hon. member, who is an authority on this subject, will appreciate that we have limited funds. We are anxious to have the municipalities instal sewage disposal plants and we would like to go just as far as possible, but in putting through all sorts of piping our money would run out and we would not get the desired result. I hope that answers the question.

(Translation):

BRIDGES

CHAMPLAIN BRIDGE, MONTREAL—INQUIRY AS TO PLANS AND LOCATION

On the orders of the day:

Mr. H. Pit Lessard (St. Henry): Mr. Speaker, I should like to put a question to the Minister of Transport.

Could the minister tell us whether the plans for the Champlain bridge and its junctions have been drawn up and, if so, at what location will this bridge connect with Montreal island?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I did not get any notice of this question. As far as I am concerned, the Champlain bridge plans are certainly completed. With regard to the exact location where that bridge will connect with Montreal island, discussions were held with the city of Montreal in this regard and the matter is being looked into at present.

(Text):

COMBINES

TRADING STAMPS—INQUIRY AS TO GOVERNMENT POLICY

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like to address a question to the Minister of Justice. Following a statement by the general manager of the retail merchants association that their brief for a clear-cut ban on trading stamps has had a sympathetic reception by the government, can we expect any legislation on trading stamps this session?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, this is of course a matter which can only be answered in the usual way, that if and when a decision is reached to proceed on the matter, it will be announced in due course.

Mr. Pickersgill: "If".

SHIPPING

NEWFOUNDLAND—REQUESTS FOR ASSISTANCE TO SEALING SHIPS

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I wish to direct a question to the Minister of Transport. Has the minister received requests for assistance from masters and crews of sealing ships off the east coast of Newfoundland and, if so, what action has been taken?

Hon. Leon Balcer (Minister of Transport): I was handed notice of this question as I was walking up to the house. However, I am able to inform the hon. member that we have in effect received requests from masters of sealing vessels, and the attention of my department has been brought to this matter many times in the last few days by the hon. member for Cape Breton South.

I have investigated the matter. Our icebreakers around Newfoundland at the present time are extremely busy on account of the very heavy ice season. They are all engaged at the present time in their priority work in that area, which is clearing cargo vessels. Nevertheless I can assure the house that every consideration is being given to this request from the masters of sealing vessels. We shall do our best to help them, but unfortunately many of those vessels are more than two or three days away from the icebreakers. I assure the hon. member that the

matter is under constant study and every step that could be helpful will be taken.

COAL

CAPE BRETON—MEETING OF LABOUR, MANAGEMENT AND GOVERNMENTS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of National Revenue. On March 1 the minister informed the house, in reply to a question by the Leader of the Opposition, that there would be a conference held between the government of Nova Scotia, the united mine workers and the government of Canada to deal with the coal situation, and that some tentative arrangements had been made to hold such a conference during the week of March 20. My question is, has such a conference been arranged, and has the government any proposals to put before that conference which will provide alternative employment to Nova Scotia coal miners when the mines are shut down?

Hon. George C. Nowlan (Minister of National Revenue): That question, of course, was asked yesterday by another hon. member, the hon. member for Gloucester, of my colleague the Minister of Mines and Technical Surveys, and he answered it at that time.

Mr. Argue: I checked the record and I did not find a question in the terms in which I put it. Could the minister inform the house whether such a conference is going to be held this week?

Mr. Nowlan: The conference was held yesterday.

NATIONAL DEFENCE

COMMONWEALTH CONFERENCE—PROVISION OF STAND-BY AIRCRAFT

On the orders of the day:

Hon. D. S. Harkness (Minister of National Revenue): Yesterday the hon. member for Skeena asked the following question:

> Can the minister indicate whether an aircraft, which I understand has the designation C-5, flew to London last week as a stand-by aircraft in order to ensure that the Prime Minister and other members of the delegation to the commonwealth prime ministers' conference could be back home at a particular time?

In reply I should like first of all to point out that the Royal Canadian Air Force sends regular flights of aircraft every week from Canada to Europe and back in order to transport reinforcements for the air division and the brigade which are over there, and to bring back people who are coming back home on reposting to Canada, to ferry supplies and so forth.

As one of these regular flights, which go on at all times, a C-5 trans-Atlantic flight was scheduled for March 14 from Ottawa to London and return. This flight was scheduled to coincide with the Prime Minister's return so it could be used as an alternative aircraft in the event that any difficulty was experienced with the Comet in which the Prime Minister was due to fly back to Canada. The flight was scheduled to carry a normal load of service passengers both eastbound and westbound. It is normal practice to reschedule a transport operation to provide a back-up for an aircraft carrying a head of state. In all such cases the aircraft is employed on a required transportation task.

UNITED NATIONS

SOUTH WEST AFRICA—IMPLEMENTATION OF RESOLUTION RESPECTING TRUST TERRITORY

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, on Friday last, as the Secretary of State for External Affairs may recall, I asked what action the Canadian government proposed to take to carry out the United Nations resolution, which Canada supported, to the effect that influence should be brought to bear on South Africa to change its policy in the trust territory of South West Africa. The hon. gentleman said that he was not in a position to reply on Friday. I wonder whether he is in a position to reply today.

Hon. Howard C. Green (Secretary of State for External Affairs): If the hon. member will look at the latter part of my answer he will notice that I said that this resolution was designed to influence the commonwealth conference which, by that time, had ended.

TRANS-CANADA HIGHWAY

MONTREAL—FEDERAL PARTICIPATION IN COST OF METROPOLITAN BOULEVARD

On the orders of the day:

Mr. Louis Fortin (Montmagny-L'Islet): The premier of Quebec having stated recently that the metropolitan boulevard in Montreal will be considered as part of the trans-Canada highway, will the Minister of Public Works tell the house whether the federal government will be required to pay part of the cost of this boulevard?

Hon. D. J. Walker (Minister of Public Works): The hon. member has not given me notice of this question, but I think it is public

knowledge that under the Trans-Canada Highway Act, which was enacted in 1949, contributions by the federal government to any part of a highway used in any province and built before 1949 are allowed; but with respect to any part of a highway subsequently used by a province as part of the trans-Canada highway which was built after the act came into force but before that province came into the scheme as a member under contract to build the trans-Canada highway, that part of the highway, of course, cannot qualify for payments from the dominion government. This has been so in British Columbia and in Nova Scotia, which were late in coming into the trans-Canada highway scheme. The result was that any part of the highway built by them before the date they came in but after 1949 was not included as a part of the highway to which the dominion government could make a contribution.

Therefore, carrying the analogy to the province of Quebec—I have not studied the particular highway to which my hon. friend refers—the same principle would apply. If the highway was built between the time the legislation was first enacted and the time that Quebec came into the scheme, it would not qualify for participation under the terms of the act.

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR LATEST STATISTICS

On the orders of the day:

Mr. Frank Howard (Skeena): Can the Minister of Labour indicate to the house when it is expected that the most recent set of unemployment figures will be made public?

Hon. Michael Starr (Minister of Labour): Fairly soon.

Mr. Argue: Too soon for the government.

HARBOURS

MOOSONEE, ONT.—INQUIRY AS TO JOINT SURVEY REPORT

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Minister of Public Works a question based upon the eager anticipation expressed by Premier Frost in the Ontario legislative assembly about the joint survey report on the requirements needed to make Moosonee a seaport. Will this report be available soon? If so, will it be a public document?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, up to the present time I have not received any report. Therefore it would not be possible for me to give a positive answer to a question which at the present time is in the realm of possibility. As and when we get a report we will make a decision on that matter and also make an announcement in the house.

SUPPLY

The house resumed, from Monday, March 20, consideration of the motion of Mr. Fleming (Eglinton) for committee of supply, and the amendment thereto of Mr. Pearson.

LABOUR CONDITIONS—EFFECT OF DOUBLE DEPRECIATION IN DEPRESSED AREAS

Hon. Pierre Sevigny (Associate Minister of National Defence): Mr. Speaker, last night at ten o'clock I had given the reasons which, in my opinion, have caused a slow-down in our economy and provoked unemployment. I should like for a moment to comment on this very question of unemployment and to give my opinion on the seriousness of this problem.

There is no doubt that the present number of unemployed is far too great; in fact any unemployment at all is undesirable in a wealthy country such as Canada. It is obvious, however, that the present figures do not indicate the real nature of the problem, and are so made up as to exaggerate its importance. In a well documented speech made in this house on March 9 last the hon. member for Rimouski (Mr. Morissette) gave us a breakdown of the unemployment figure which is worthy of note. The statistical figures to which he referred indicate that about 20 per cent of the jobless are young people still in their teens. It is obvious that the labour market is unusually crowded by thousands of young people who normally should be in school in order to prepare themselves for the tasks of life. These statistics also show that the proportion of unemployed is much higher among non-specialized workers than among those who have trades. This is why many advantages will result from the technical and vocational training program which is now in force.

It is obvious also, in view of the fact that the number of farm workers has been reduced by 300,000 over the last 10 years, that automation on the farm has taken its toll of farm workers, who now must look to the cities in order to find work. It is therefore urgent to educate those young people and give them trades in order to give them the chance they deserve to find a place for themselves in the nation's industries.

It also seems that the labour market is employing a greater number of women and the rate of unemployment among women is

less than the rate among men. While the female population has provided almost half the labour force in the last few years, it has suffered much less than the male population from economic fluctuations. The number of married women drawing unemployment insurance under present conditions is abnormally high, and the increase of female labour in the labour market presents a sociological problem which those who analyse the employment situation should study very closely.

In the light of the above facts it is not unreasonable to state that although we deplore bitterly the presence of unemployment in Canada, the situation is not as critical as the members of the opposition would like it to be, and the measures adopted by the Conservative party should serve to bring about a solution both from the short term point of view and the long term outlook.

(Translation):

Mr. Speaker, yesterday afternoon the Leader of the Opposition said in a most sarcastic tone that very few statements had been made about unemployment during the recent Conservative convention held last week.

That does not mean that the leaders of the Conservative government are not concerned about this unemployment problem which unfortunately affects certain areas of this country. On the contrary, I do not hesitate to say that the government's main care has been to apply itself to improve the lot of the unemployed, and I can state that all the ministers made every effort to seek solutions that would maintain the level of our economy and ease the sad plight of the jobless.

We, on this side of the house, do not believe that there is much to be gained by going around with dismal and sad faces where conventions are held and speaking constantly of doom and gloom, as the Liberals do. On the contrary, we believe it is more advisable to spread a little joy and hope around us. And, with all due deference to hon. members in the opposition, especially to my good friend from Maisonneuve-Rosemont (Mr. Deschatelets), those who came here last week to take part in the convention of the Conservative party wanted, by their good humour and their support, to congratulate us for a job well done and to encourage us to continue in the course that we have chosen to follow.

Of course, our Liberal friends do not share this view and we can well expect them to continue to go around with long faces, spreading fear, gloom, despair and panic everywhere, always with the aim of making political capital. While following such a course, the Liberals now and then offer suggestions which, I must say, are not without merit. In those cases, we are eager to study them and occasionally to adopt them. Sometimes their suggestions concern things which have already been accomplished. For example, in the six-point program mentioned yesterday by the Leader of the Opposition in his speech, we find commonplaces, measures which are already in force and which are already a part of our own program. Let us take for example, the first point of his speech, where he suggests that a study be undertaken in co-operation with provincial and municipal authorities in order to determine the seriousness of the situation in areas where there is a manpower surplus. I must point out, Mr. Speaker, that this study has been going on for many years. In fact it is as a result of such a survey that the government decided to bring forward a winter works program which, though bitterly attacked in the beginning by the members of the opposition, is now recognized in all the different circles interested in labour problems as a dynamic program which has provided employment for thousands of our citizens, I would even say for hundreds of thousands of our citizens since its inception.

It is also because we must consider this matter of co-operation with provincial authorities that we have initiated this program of technical training for Canada's labourers, in order to provide unskilled workers with a trade that will enable them to fit in the nation's economy.

We also note that in other points of their program, the Liberals suggest that studies be made with a view to providing the country with a more flexible fiscal policy. The Liberals know full well that a degree of flexibility already exists in the financial policies of the Minister of Finance (Mr. Fleming) and that improvements have already been made, such as the reduction in corporation income tax which was brought about by raising from $25,000 to $35,000 the taxable income of Canadian corporations.

Is it not also true that to make it easier for small manufacturers to borrow money, we have asked chartered banks to grant long term loans to such small manufacturers and businessmen who wish to improve their plant or industry? According to the latest statistics, that measure should increase the flow of money in Canada by an additional amount of $300 million, and perhaps more.

Is it not also true that as a result of the imaginative public works program applied by the Minister of Public Works (Mr. Walker), over $54 million are being put into circulation?

In the housing field, one of the main sources of employment for our people, we find that thanks to the measures put forward by the Minister of Public Works, the number of housing starts in the current year has reached 7,000, as compared to less than 1,000 for a similar period last year.

Mr. Speaker, those are only a few of the solutions devised and put into force by the present government to correct the present economic problems in Canada and, once more, to provide employment for the unemployed.

The Conservative government has also put forward other measures, such as water purification, which should soon enable municipalities to carry out plants they have long been dreaming about.

Mr. Speaker, the list of the Conservative government's accomplishments is a long one, and I have mentioned only a few examples because of the limited time at my disposal. I should now like to go on to another subject.

(Text):

Some hon. Members: Agreed.

(Translation):

Mr. Sevigny: Mr. Speaker, I see that my friends on the other side make fun of my remarks. I hope they will listen closely to what comes next; it should be a lesson to them and should perhaps be of some influence on their program of action.

Mr. Speaker, the Leader of the Opposition has recognized that Canada's economic prospects for the future are already much brighter. That statement on his part is to his credit, and I commend him for it. However, his statement would have carried much more weight if the Leader of the Opposition had recognized that this improvement in the Canadian economy was due, in part, to the action by the Conservative government. However, that would be difficult in view of the policy of gloom and doom which the Liberal party has been using as the main plank of its program.

There is no doubt that we shall go on hearing members of the Liberal opposition preach gloom and doom in all their speeches and whenever they have an opportunity to speak.

Mr. Martin (Essex East): We shall do our duty.

Mr. Sevigny: Mr. Speaker, I have no hesitation in saying that for three very specific reasons, such a policy on the part of what was once the great Liberal party poses a serious threat to Canada's economic life.

Mr. Martin (Essex East): Nonsense.

Mr. Sevigny: Is it not true that when doubt is consistently spread in the hearts and minds of the Canadian people with regard to the value of this country's economy, while exaggerating the importance of unemployment in Canada, the Liberals succeed in producing panic and fear so that anyone wanting to enlarge his business and develop it to some extent, or perhaps create a new industry, will think twice about it and put off his projects?

Is it not a fact that by constantly hearing about imminent distress, people in Canada hesitate before buying certain goods they need, and that that decreases purchasing power and business turnover?

Mr. Speaker, I do not hesitate to tell Liberal members that by always speaking of unemployment and disaster, they are, themselves, creating unemployment and disaster. And the main promoters of the economic uneasiness now prevailing in this country are the Leader of the Opposition, and hon. members for Essex East, Laurier, Bonavista-Twillingate, and all the members of the Liberal party.

Mr. Speaker, I am now coming to a second and very important part of my remarks. By endlessly dwelling on doom and gloom as the Liberals have been doing, and getting the press to fill its columns with tales about an apparently deplorable situation in this country—

Mr. Maurice Bourget (Levis): Mr. Speaker, on a point of order.

Mr. Ricard: That hurts.

Mr. Bourget: Mr. Speaker, I think the hon. Associate Minister of National Defence is letting himself be carried away by his own enthusiasm, which is expressed mainly in this house, but not at public meetings. However, I want to say, in connection with the point of order, that we, in the Liberal party have never forced—

(Text):

Mr. Thrasher: Order.

Mr. Bourget: You do not even understand what I am saying.

Some hon. Members: Order.

(Translation):

Mr. Bourget: Now, Mr. Speaker, I want to state that members of the Liberal party, particularly the Leader of the Opposition—

Mr. Deputy Speaker: Order. I would ask the hon. member for Levis to state his point of order.

Mr. Bourget: Mr. Speaker, if I were only given time to state my point. May I be given time to explain?

Mr. Deputy Speaker: The hon. member for Levis knows that, when speaking on a point of order, the point raised must immediately be stated, so that the Chair may determine whether the point of order is rightly taken or not.

Mr. Bourget: Mr. Speaker, in order to show the nature of the point of order, I wanted to comment on some remarks which the minister has just made. He said the members of the Liberal party were forcing the press to spread the news he mentioned a moment ago; he said that everything was going wrong. In no circumstances have we ever asked the press to publish such things—

Mr. Speaker: Order.

Mr. Ricard: That hurts you too much.

Mr. Speaker: I think the point raised by the hon. member for Levis is not a point of order; it is merely a difference of opinion which may normally be expressed when an hon. member has obtained the floor, or at the end of a speech, if an hon. member has misinterpreted the remarks of another member of this house.

Mr. Sevigny: Mr. Speaker, I must say to the hon. member that he is quite right; no doubt I did not express myself clearly. Certainly I would not like to say that the hon. members of the opposition have imposed their views on the press. What I wanted to say, rather, was that the newspapermen report the remarks they hear. That is certainly not the result of some undue influence on the part of hon. members of the opposition. I apologize if I have hurt the susceptibility of my hon. friend.

Now, Mr. Speaker, I apologize, but in view of the lengthy discussion on that point of order, I would ask to be allowed additional time in order that I may complete my remarks.

I now resume what I was saying about that second point to which I was referring before being interrupted. What I wanted to say is that by talking as they do, our Liberal friends are creating abroad a bad reputation for Canada. Nothing may be more detrimental to the good reputation of Canada and the welfare of its people than that policy of doom and gloom by which the opposition keeps on suggesting that the existing economic conditions here are deplorable, because that is liable to deter all those who wish to establish themselves here. That is so true that, by talking the way they do, the hon. members of the opposition are making a very bad name for Canada, so that in London, in several newspapers, there are articles, even at present, to the effect that the situation is terrible in Canada—

An hon. Member: That is true.

Mr. Sevigny: —and that everything is going wrong. Those articles even bear sensational headlines which are certainly not likely to help our country. So, I would suggest that my friends of the opposition take a look at the *Globe and Mail* of this morning; they will see an article by Sandy Westhall entitled: "Image of Canada", "A bad press in Britain", "This is Canada today", "Even children join breadlines". That article states that those are the headlines appearing in the press—

(Text):

Mr. Hellyer: I rise on a point of order, Mr. Speaker. May I call your attention to the ruling of the Chair made yesterday afternoon in respect of this debate. As reported on page 3148 of *Hansard* for yesterday, Mr. Speaker ruled, after mentioning the discursive opening of the Leader of the Opposition:

> I have endeavoured to limit hon. members, including the hon. member for Peterborough, and the hon. member for Fort William, who were inclined to debate anything which in their view affected unemployment. I feel that the hon. member for Kootenay West must also bring his remarks into order by referring to the amendment which is before the house.

The minister is now beginning to discuss the effect that the opposition is having on Canada's prestige abroad and in the foreign press. With deference, Mr. Speaker, I submit that this line or argument is well beyond the terms of the amendment now before us.

Mr. Sevigny: In reply to the point of order may I respectfully mention the following. I was going to refer to the effects that these articles have on the unemployment and economic situation in Canada because they do not encourage people to invest in Canada, thereby creating employment opportunities

for our people. I was going to say that this bad press is having distressing results. The article to which I refer reads in part as follows:

> This could not have happened at a worse time—when prosperous British enterprises are looking for other fields and are welcomed eagerly by European and other commonwealth nations. These are the companies Canada needs to pull itself out of the current recession.

Mr. Pickersgill: Are you still on the point of order?

Mr. Sevigny: I say respectfully, Mr. Speaker, that this point of order should not apply at the moment because I was going to relate what is said in these newspaper articles by the foreign press to our own unemployment situation.

Mr. Deputy Speaker: The hon. member for Trinity has referred to the ruling made yesterday by Mr. Speaker. The amendment which is before the house deals with the inefficiency of double depreciation in dealing with problems of depressed areas and, as indicated by Mr. Speaker yesterday, the scope of debate on such an amendment is rather limited. Although I believe some reference may be made to the general situation of unemployment, I would be inclined to the view that the minister has been doing something else than laying the foundation for dealing with the amendment which is before the house. I think he should now relate his remarks to the subject matter of the amendment, otherwise he will be dealing with the general problem of employment which is not, strictly speaking, before the house on the amendment moved by the Leader of the Opposition.

Mr. Chambers: May I point out to Your Honour that on page 3131 of *Hansard* of yesterday the Leader of the Opposition dealt with this point. He is reported as follows:

> Whose fault is it that the magazine *Economist* is worried; that the London *Times* has expressed worry . . .
>
> Whose fault is it that this worry has extended across the Atlantic?

This point was dealt with at some length by the Leader of the Opposition in preparing the ground for his amendment. Surely if this material is relevant in the moving of an amendment, it is relevant in opposing the amendment.

Mr. Deputy Speaker: The ruling yesterday indicated that it was in order to reply to comments made by the Leader of the Opposition before he moved the amendment. If that is what the minister is now doing I am prepared to allow him to continue. I must say that he has not indicated as yet that he is specifically replying to this argument.

[Mr. Sevigny.]

(Translation):

Mr. Sevigny: Mr. Speaker, I shall try to stick as much as possible to the matter under discussion. With respect, I submit we are now talking about unemployment in general, and in this connection, I am merely following the example so often given to me by my hon. friends opposite.

In any case, Mr. Speaker, I shall not be very long and I simply wish to say in closing my remarks on that second point, that spectacular headlines such as those found in the *Globe and Mail* of this morning—"This is Canada" are not likely to create a very good reputation for a country like ours. It certainly deserves better. For, even if we admit that there is unemployment in Canada—which all of us regret—we still think that our country is the greatest in the world. We think that if ever a country has had a promising future, it is indeed this Canada of ours and not some other countries less profusely endowed by Providence.

Mr. Speaker, we have been referring to underdeveloped areas and I think it is probably wrong to refer to such areas in this country. There are areas where employment conditions are not quite satisfactory, at least for the moment. But, in a country like ours, abundantly provided with natural resources and particularly rich potentially, it is wrong to say that there actually are sections where misery and distress are prevalent. Mr. Speaker, I think that we should simply say that there is some uneasiness in certain places, but with a little goodwill and co-operation from all sides, the situation will improve.

Unfortunately, Mr. Speaker, this does not serve the purpose of the Liberal opposition. For reasons known only to themselves, members of the Liberal opposition have decided to take an extremely leftist stand, which makes them unofficially today the Canadian social party.

An hon. Member: What a dream.

Another hon. Member: Duplessist.

Mr. Sevigny: That attitude is perhaps based on the desire to copy the policy adopted by the British labour party which, under Mr. Attlee and his chief colleagues, was successful to a certain extent in 1945. In fact that attitude is probably due to blindness brought on by political ambition.

The Liberals tend to forget what was once the great Liberal party under Sir Wilfrid Laurier. They are prepared to resort to any tactics if it can put them into office.

I could not say why, but one thing is sure, the Liberal party today is farther left than the C.C.F. whose members sit to your far left, Mr. Speaker.

If the Liberal party wants to lean towards socialism, it is quite free to do so, but the unfortunate thing—and that is the third point I should like to discuss—is that in its constant complaints, it makes use of human distress, suffering and poverty. The Liberals give free rein to the spreading of subversive ideas among the Canadian people.

An hon. Member: Nonsense.

Mr. Bourget: Would the minister allow a question?

Mr. Sevigny: With pleasure.

Mr. Bourget: Several times the minister has referred to the Liberals as being socialists. Could he give us an example to prove his assertion that we are socialists?

Mr. Sevigny: Certainly. You need only look at the Liberal platform that was drawn up at the January convention, and you will find a whole series of socialist measures whose implementation would drive the country to bankruptcy, because they would involve a total expenditure of over a billion dollars.

Mr. Bourget: Mr. Speaker, may I—

Mr. Deputy Speaker: Order, order.

Mr. Bourget: You have proved nothing.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. minister, but his speaking time is over.

An hon. Member: He should be allowed to go on.

(Text):

Mr. Fisher: I wonder if I could ask the minister a question. I did wish to wait until he completed his remarks, but in view of this interruption perhaps I could ask it now.

Mr. Deputy Speaker: Yes, you may ask your question if the house is prepared to give unanimous consent.

Some hon. Members: No.

(Translation):

Mr. Augustin Brassard (Lapointe): Mr. Speaker—

Mr. Sevigny: Mr. Speaker, I did not quite get the point of the hon. member for Port Arthur. Was he rising on a point of order?

Mr. Deputy Speaker: The hon. member for Port Arthur was asking for permission to direct a question to the Associate Minister of National Defence (Mr. Sevigny). The house did not give its consent, therefore I have given the floor to the hon. member for Lapointe.

Mr. Brassard (Lapointe): Mr. Speaker, it is most interesting to follow the remarks of the Associate Minister of National Defence (Mr. Sevigny). During his speech, I noticed that when he repeated the statement made recently at L'Assomption by the Secretary of State (Mr. Dorion), namely that the people responsible for unemployment in Canada are those wolves, the Liberals, he expressed himself like the Secretary of State usually does.

Mr. Speaker, I have looked up yesterday's *Hansard* to refresh my memory on the great statements of the Associate Minister of National Defence. Here is what I found on page 3166:

> One thing is certain, Mr. Speaker—there is too much unemployment.

A little further down, he added:

> —the situation is the result of events shaped by the second world war and the period which followed the victory in 1945.

Mr. Speaker, at this point in my remarks, let me say to the leader of the government, his ministers and supporters in this house, that they started off by denying this matter of unemployment.

Last September, the Prime Minister (Mr. Diefenbaker) finally admitted in one of his great T.V. performances that he was beginning to worry about unemployment. Later, some said there were some big bad wolves who were responsible for the unemployment situation. Yesterday, the Associate Minister of National Defence indicated that the situation was the result of events during world war II.

When I examine those statements, I cannot help but say that all the members of the cabinet have a logic that kills.

If we analyse the period after world war II we find that there were only two years at the most where the percentage of unemployed was in excess of 3 per cent, and I mean 1954 and 1955.

Recalling the letter sent about a year or a year and a half ago to the Montreal *Gazette* by Mr. Forsyth of the Canadian Labour Congress and admitting that he is an expert in the matter, we can say that a country enjoys full employment when unemployment does not exceed 3 per cent.

The remarks I intend to make this afternoon do not particularly concern the Minister of Labour (Mr. Starr) whom I hold in great esteem. I think he is quite a sensible man.

My remarks are directed to his colleagues in the cabinet—the cabinet as a whole. I know that the Minister of Labour has a better grasp of the unemployment problem. If he did not put to use all the ideas he had for solving this problem, it was not his fault.

I can admit with my colleagues that the government did make certain attempts to cope with this situation which we consider regrettably contrary to what certain ministers and members have said.

I do not mind—as a certain well-spoken member would say—sitting on this side of the house. Our common duty is to serve our country well.

It is with that in mind that we rise to discuss problems which affect or should affect us all.

The Minister of Finance (Mr. Fleming) and the Minister of Labour have brought forward a resolution, a program that would extend accelerated depreciation to industries being set up in certain areas. I shall not call them distressed areas; this is something else and I shall say a few words about it, because the Associate Minister of National Defence accused us of referring to distressed areas, when those terms are the very ones used in the resolution submitted to us. I have been in Ottawa nearly eight years and I have never heard anyone here speak about distressed areas. This is the first time I have seen this expression in any legislation introduced by the government and it is the government that is suggesting it. The *Financial Post*, to which my leader referred yesterday, has expressed its views on the government measure now submitted. As a matter of fact, in an article published on March 18, Mr. J. G. MacDonald stated this:

(Text):

> We find it difficult to believe that the government could seriously consider the new regulation as a genuine tax incentive.
>
> Because the prospect to inducing the commencement of a new manufacturing enterprise in a depressed area would be bleak even to those companies already established, it is unlikely that any outsider will be induced by the new regulation to risk his capital when local businessmen are not prepared to do so.
>
> The regulation would probably make sense if it enabled established manufacturers in depressed areas to qualify for additional capital cost allowances in respect of new product development of their own.
>
> The department directive, however, makes it clear that capital equipment acquired to produce new products resulting from change, redesign or innovation will not be qualified under the new regulation.
>
> Change, redesign and innovation are, of course, the principal methods by which existing manufacturers in depressed areas improve their products and increase their production and sales.

[Mr. Brassard (Lapointe).]

(Translation):

As I was saying a moment ago, we admit that the government made some efforts but this is not enough in view of the seriousness of the problem that has been with us for some months.

This reminds me of an appalling thought expressed by John Stuart Mills:

> When the welfare of a whole country is at stake, half-measures do not produce partial results; they produce no results whatsoever.

Even though the government has made certain attempts to solve the unemployment problem, not only is the situation not improving, it is getting worse.

We are told from time to time that unemployment is only seasonal; let us wait for spring, let us wait for the crows. I suggest, Mr. Speaker, that the greatest abettors of socialism and communism in our country, and in other western countries, are those men who are in power but who only sit back on government benches waiting until the return of the crows or of spring to remedy a situation such as this.

We are asked to make proposals from time to time. Well, I have two suggestions to submit to the government. I am sure they will be welcome because they are not my own. The first was made by the Prime Minister himself. We all remember the year 1957 because that year we, from the Liberal party, were shifted to this side so we could think things over. However, we have made good use of the period elapsed since June 10. The Prime Minister then went all over the country telling us that not enough of our raw materials were being processed in Canada. I might quote for instance what he said in Parry Sound-Muskoka on May 10, 1957:

(Text):

> A Conservative government would do its best to assure that a larger share of irreplaceable raw materials was processed in Canada "for the benefit of Canadians and to ensure employment".

(Translation):

It was the same thing throughout Canada. And finally, in Saskatoon, he made the following statement, as reported in the Winnipeg *Free Press* of May 28:

(Text):

> Raw materials taken to the United States for processing—with large quantities of the ultimate products being returned for sale in Canada—supplied employment to thousands of Americans, jobs which through a policy to encourage more processing in Canada would be held by Canadians.

(Translation):

I agree with the Prime Minister. I am sure that if the government supports the establishment of industries so that more of our raw materials are processed at home, not only will it reduce our trade imbalance with our neighbours to the south, as he himself stated during the election campaign of 1957, but it will also provide jobs for thousands of Canadians.

I should like to make another suggestion concerning my own area. But first I wish to pay tribute to my colleague from Chicoutimi (Mr. Brassard), and also to the mayor of Chicoutimi who have both made similar statements on the deepening of the Saguenay river. The Saguenay, my own area, is now hard hit by unemployment. We are having a hard time trying to convince new industries to settle in our area because we are quite a ways from large centres. Then too, there is the matter of freight rates. Recently, we met with the president of a company who immediately brought up the matter.

If the government would accept the suggestion made by one of its own members, seconded by the humble member for the neighbouring riding, to deepen the Saguenay river, we would not be put in a more favourable situation than elsewhere, but we would simply be raised to the level of all the other areas in the country. We would then have a chance attract industries, which would help us to fight the distressing situation in which we find ourselves today. It will be said that the deepening of the Saguenay river will be very costly. We will be told: "You Liberals are against deficit budgeting; each time a deficit budget is brought down, you criticize us." Let me say that neither my leader, nor my colleagues, nor anybody else is opposed to a deficit when such a deficit helps give new impetus to the national economy. We are not against deficits when they are designed to alleviate unemployment or to strengthen our national economy.

In the speech he delivered yesterday, our leader put forward proposals which are sensible and practical. He mentioned the establishment of a bank which would provide the municipalities with better credit facilities. I think his program was quite to the point. Laugh if you will and say: "You could have done that when you were here." To my mind, the situation is not the same, far from it. I wonder why positive and practical suggestions such as these are never accepted. We have been criticized for offering only long term suggestions. But for the last four years now, we have been making long term suggestions to remedy unemployment. Had they been accepted at the time, we could have seen how they worked out. Long term suggestions are described as nonsense, it is said that they will not do any good until 15 years hence. But we ought to start looking beyond the year just ahead. It must begin to dawn on us that, in a free economy, in a free enterprise country, the government has a part to play in helping to create a favourable climate for enterprise.

Like everyone else, I also favour private enterprise. But I would also like the government to step into such areas where private industry cannot contribute to the prosperity of the country. In such a case, I think that the government should intervene and create a favourable climate and, if necessary, use the taxpayer's money to help revive our economy.

Yesterday the hon. member for Peterborough (Mr. Pitman) invited us to attend the new party convention. I was deeply touched by that invitation. I hope he has already read the comments of the member for Port Arthur (Mr. Fisher) on the convention held in January. The hon. member for Peterborough said that, after the convention of the new party, we would have a real leftist party in Canada.

I am frankly fed up with all this talk about the right, the left, or the right or left of centre. Those purely academic discussions are futile and do not get us anywhere. Those phrases, imported from Europe, can mean a thousand different things to Canadians. I, for one, feel that men in responsible public office, whether at the federal, provincial or municipal level, should be abreast of the times and era. If that is what is meant by the word leftist, then I am one. If being a leftist means being able to understand the problems of our times and era, I will never be ashamed to say that I favour the left.

Mr. Martin (Essex East): Hear, hear.

Mr. Brassard (Lapointe): I do not mind saying that I am a leftist. To be able to understand my times and era, that has some meaning for me.

Mr. Martin (Essex East): Hear, hear.

Mr. Brassard (Lapointe): If we are in an era requiring a measure of government control, in our western democracies, that is where private enterprise has failed, it is the responsibility of the government as soon as it becomes aware of such a need—and let us hope

the government is not too blind for that—it is the responsibility of the government in the public interest to resort to government control in the field of economy. This control may not be the one my hon. friends on my right have in mind, but it must apply to those areas where private enterprise is either incapable or unwilling to do its full duty. In such a case I would have no objection, because such a control would give fresh impetus to the economy of the provinces and of Canada in general.

The worst reproach that can be addressed to the present government—and I am not referring to the Minister of Labour—is that it is neither right nor left of centre, nor even in the centre, but nowhere at all. Its head and even both its feet are up in the clouds. Not that we care much where the head is; at least the party could try to keep its feet, which characterize it, on the ground.

Much has been said, Mr. Speaker, against socialism and communism. Long speeches are made about it. I heard one recently, at the Chateau Frontenac, about free enterprise. Let us fight shy of sluggishness, apathy and carelessness; they are leading straight and fast to dangers we are all trying to ward off, outright socialism and communism. It is useless and childish to make long speeches in praise of liberty, moral and spiritual values and private enterprise, in front of three quarters of a million people who are unable to earn their living. Our system will prove its superiority over other systems, thanks to its ability of getting effectively rid of the social evils which threaten it. I am not referring only to Canada but to many western nations. Unless the situation improves—and it will not unless the government resorts to measures quite more drastic and bold than the ones it has already introduced—there is the danger, as a writer has said, that the people who suffer will soon consider it is better to be a slave and not to work than to be free and have to work.

Mr. Speaker, I ask the government and those responsible for the administration of the country, to take a closer look at our problems. I know that they understand them, but if they understand them well, they must find bolder solutions than those already offered; I mean solutions that would actually improve the situation that has prevailed in recent months.

I do not wish to resume my seat without again urging the Minister of Labour to ask to his appropriate colleague to consider the deepening of the Saguenay river, which will greatly help bring industries into our area and thus provide some relief for the unemployed. In addition, I wish to remind him—this might cause him to smile—of one of the promises made time and again by his leader during the 1957 campaign, concerning the establishment of plants for the processing of our raw materials here in Canada.

Nobody can accuse me of merely criticizing. The only two intelligent suggestions I put forward were not my own, and I do not claim them as mine. I hope the government will at least consider them important enough to be acted upon.

Mr. Ricard: Mr. Speaker, would the hon. member allow me a question before he resumes his seat?

Mr. Brassard (Lapointe): Certainly.

Mr. Ricard: The hon. member referred a moment ago to the necessity of setting up plants to process our raw materials; could he give one example of a company which might have been denied assistance, or of a company reported to have applied for assistance from this government to establish a plant for the processing of raw materials and which has been denied such assistance?

Mr. Brassard (Lapointe): I am pleased to see that the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) is concerned about that matter.

I do not have to indicate whether the government turned down any request, but the Prime Minister himself promised to foster the establishment of plants to process our raw materials; it is therefore his responsibility to take action. He did not say that he would contribute to their establishment, but he said that he would introduce measures to help establish plants for the processing of our raw materials. But those are things of the past, like so many of the promises he has made.

Mr. Roland English (Gaspe): Mr. Speaker, I have listened very carefully to the speech delivered yesterday by the Leader of the Opposition. He spoke for over an hour but, strangely enough, he talked only few minutes on his own amendment concerning double depreciation.

Indeed, Mr. Speaker, he referred to the resolutions adopted by the Conservative convention. He gave us his impressions of that convention and dealt at length with his favourite subject, unemployment.

I therefore intend, in my remarks, to reply to him, but only to refute the very points he

raised in the course of his speech; I shall thus respect the rules of the house, as the Leader of the Opposition seems to have done, thanks to his long parliamentary experience.

Mr. Speaker, after hearing the remarks of the Leader of the Opposition, I wondered if, during the week end, he has not been losing sleep over the success of the Conservative convention. Never had we seen so many delegates at a convention. Never had we seen so many people gathered for the dinner in honour of the Right Hon. Prime Minister (Mr. Diefenbaker) who addressed—

An hon. Member: Order.

Mr. English: Mr. Speaker, those delegates had come from everywhere and, above all, they did not fail, by their applause, to show how proud they were to welcome back the man who had just represented our government with so much dignity at the conference of prime ministers of the commonwealth.

Mr. Speaker, the Leader of the Opposition was astonished at the text of the resolution on the Canadian flag. He pointed out that at the Liberal rally his party had committed itself to give our country a strictly Canadian flag within the two years following its coming into office.

(Text):

Mr. Martin (Timmins): On a point of order, I do not want to detract from the importance of a distinctive flag, but I cannot see how it comes within the terms of the debate.

(Translation):

Mr. English: Mr. Speaker, if you look up yesterday's *Hansard*, you will see that the hon. Leader of the Opposition dealt in his speech with the question of a flag, and as I mentioned at the outset of my remarks, before dealing with the subject matter of my speech I am entitled to reply to the statements he has made.

(Text):

Mr. Deputy Speaker: I think this point was raised yesterday and, if I remember correctly, Mr. Speaker ruled that he would not prevent any hon. member from replying to any comment made in the speech of the Leader of the Opposition. However, I might go a little further and say that of course I would think it would be against the rules to make a whole speech only to reply to a certain point. I would suggest that in commenting on some of the specific remarks of the Leader of the Opposition hon. members should make their remarks brief and not deal at length with a point which was really out of order when it was raised. Replying to a point and making a speech are two different things, and I trust the hon. member can appreciate the difference.

(Translation):

Mr. English: Mr. Speaker, I do not think I have discussed those different points at too great length, and if you read yesterday's *Hansard,* you will realize that the Leader of the Opposition dwelt on these different subjects at much greater length than I have.

(Text):

Mr. Deputy Speaker: I was not telling the hon. member that he was out of order up to now; I was merely indicating the course I thought he should follow.

(Translation):

Mr. English: Thank you, Mr. Speaker.

In any case, it was the Leader of the Opposition himself who said that his party had committed itself to give our country a national flag within two years after its coming to office.

And yet, Mr. Speaker, his government was in office for 22 years. Then too, Canada has had a prime minister from the province of Quebec, the Right Hon. Louis St. Laurent, who, however, did not give the people of Canada a distinctive flag. In fact, Canada could be without a distinctive flag for 24 years, since the Liberal administration was in office 22 years, and they now ask for a further two years before they adopt a Canadian flag.

Mr. Speaker, I hear laughter from my hon. friends opposite when I say those things. I wonder then why the Leader of the Opposition brought this matter up yesterday. Our hon. friends do not seem to want us to reply to the remarks of the Leader of the Opposition and they seem annoyed at the fact that we intend to do just that.

An hon. Member: We are pleased that it annoys you.

Mr. English: Keep it up and I shall go on with my remarks.

Mr. Speaker, I was also saying that yesterday the Leader of the Opposition dealt at length with the unemployment situation. He referred to the years 1955 and 1956, and again to the years 1960 and 1961.

In 1955 and 1956, we had an unemployment problem, yet our friends opposite were then in office. In 1955, 1956 and 1957, the Liberal administration had a chance to do something to remedy the situation, but they did nothing.

Labour Conditions

Mr. Speaker, to confirm that there was an unemployment situation in 1955 and 1956, I only have to refer to statistics published in the Canada *Labour Gazette*. As a matter of fact, as reported in volume LVII of that publication, for 1957, there were 89,800 unemployed in the Atlantic area as at February 14. This was an increase of 14.8 per cent over the previous month, and 16.3 per cent over the previous year. During the same period, in the Quebec area, there were 176,900 unemployed, an increase of 10.4 per cent over the previous month and of 13.7 per cent over the previous year. The prairies with 78,100 unemployed, had an increase of 6.3 per cent over the previous month and a decrease of 0.6 per cent from the previous year; the Pacific region, with an unemployed population of 71,400, had an increase of 39.2 per cent over the previous month and 7.5 per cent over the previous year. On February 14, 1957, the total unemployed population numbered 574,700 an increase of 9.2 per cent over the previous month and 11.5 per cent over the previous year. Furthermore, on February 1, 1957, the number of claimants for unemployment benefits was 545,981, or an increase of 37.1 per cent over the previous month and 14.5 per cent over the previous year.

Now, Mr. Speaker, those figures indicate that an unemployment crisis prevailed in the years 1955, 1956 and 1957, and that the government of the day not only failed to act as it ought to have done to remedy the situation, but that it merely misled the people, by not pointing out prevailing conditions and more particularly by failing to reveal to the Canadian people the economic report prepared at the time.

Mr. Speaker, the Leader of the Opposition admitted yesterday that things were picking up. Speaking of the economic recession, he said that it had a tendancy to ebb away, and I entirely agree with him. As a matter of fact, he mentioned it before when speaking in London, Ontario. This is what I read in the newspaper *Dimanche Matin*, March 12, 1961:

If Mr. Pearson says that things are picking up, the recession must be at an end.

Mr. Pearson, leader of the Liberal party stated during the week end, in London Ont., that the number one problem which Canada has to face at this time, is that of economic recovery. However, there are some indications that the recession is about to end.

Always in connection with this matter, this is what *Le Soleil* of Saturday, March 11, 1961, had to say:

Canadian business recovery is expected in mid-1961.

[Mr. English.]

"The slump which started about the middle of 1960, will probably keep on during the first months of 1961, but some improvement can be expected towards the middle of the year," stated Mr. E. S. Morse, president of the Investment Dealers' Association of Canada on a visit here.

It is expected that capital demand will be as strong in 1961 as in 1960. Federal government borrowing more particularly, will reach a much higher level. Mr. Morse expressed the view that there would be no new increase in interest rates for long term loans, but rather a trend to lower rates during the year.

Mentioning the trade situation, Mr. Morse stated that our export trade was rather encouraging, though some countries affected by the war have now completed their reconstruction and become major competitors on the world market. "In the future we will have a large measure of success in this field as long as we apply the latest methods and use the latest equipment, while controlling costs. Obviously, we will be helped by the reduction of the Canadian dollar premium," he added.

The Canadian dollar premium, which has been in existence for such a long time mainly resulted from provincial and municipal borrowing abroad, and of foreign capital investments in Canada made attractive by our high interest rates and development advantages. In the baby budget of last December, the federal government removed some tax exemptions formerly granted in order to attract foreign capital investment to this country. That decision had an immediate impact on the demand for Canadian dollars resulting in a sharp decrease of the premium. In time, our industry as well as our export trade will benefit from it.

Those are flattering words for the policy of this government.

Mr. Speaker, I said earlier that the recession had started under the administration of our hon. friends opposite. To prove it, I will quote from *Le Devoir* of Saturday, October 22, 1960:

The economic depression started in 1949.

"The resolution to unemployment is quite simple: save!"—Mr. Coyne.

Mr. James Coyne, governor of the Bank of Canada, has just published his annual report for 1960. It is an explosive document that will be discussed for a long time. In fact, Mr. Coyne has smashed the myth of the rosy years of the last decade. Mr. C. D. Howe must have turned in his grave on hearing the iconoclast raze to the ground the monument of infallibility erected to him by propaganda.

Mr. Speaker, we can see that the recession did not start with the coming into office of this government. And the Leader of the Opposition said that this government has done nothing, has adopted no measure to meet the situation.

As for the hon. member who spoke just before me, he pointed out that this government has done something but not enough.

Yet no government has ever done more to meet the situation than the present one. May I mention a few of those measures, so that this house and all the people in Canada may fully realize what this government has done to cope with the present situation.

Let us start with the housing situation. A down payment of $500 on a $10,000 house, as compared to $1,000 before. A down payment of $550 on an $11,000 house, as compared to $1,100 before. A down payment of $600 on a $12,000 house, compared to $1,200 before. The maximum loan has been raised from $12,800 to $14,200 and $14,900. One and a half million dollars have been provided for new housing. The federal government will pay 75 per cent of the costs of urban redevelopment and slum clearance. The government is providing $50 million for this purpose. House improvement loans are guaranteed up to $500 million, as compared to $200 million last year. Loans authorized for rental housing are increased from 80 to 85 per cent of value.

A second measure, against pollution: loans to municipalities for sewage plants; the government is making $100 million available for this.

In the automobile industry: a reduction of the preferential tariff on imported automobiles and parts.

For small businesses. Loans up to $25,000 to enterprises with a gross annual income of $250,000. An amount of $300 million is provided for a three-year period to help small businesses in Canada, and especially the tourist industry.

As regards winter works in municipalities, the federal government will pay an amount of $30 million in the course of this winter. Works totalling over $200 million were approved in early December. In early December, employment was assured for more than 75,000 workers.

With regard to the training of the unemployed, the federal government will pay 75 per cent, that is to say it has paid 75 per cent of the cost of such training.

On vocational and technical training, there is a 50 per cent increase in training facilities in Canada. The federal government is paying 75 per cent of the cost of new schools up to 1963, and 50 per cent thereafter. Twenty six million dollars have been voted for vocational training this year, an increase of $9 million. Fifteen million dollars will be spent on new school construction.

On public works, there is a $100 million construction program.

On export credits, there is an immediate credit of up to $110 million to help finance Canadian exports abroad; an ultimate credit of $750 million.

The national productivity council aims at increasing productivity in Canada through labour-management co-operation, so that the country may keep up with competition.

On small businesses: There is a reduction in the corporation tax, in the case of small businesses, by raising from $25,000 to $35,000 the minimum above which the excess profit rate applies. The tax will be 21 per cent up to $35,000, whereas the rate on excess profits used to be 50 per cent on $25,000 and over.

On new industries, double depreciation is applicable in the case of goods not previously made in Canada. Double depreciation is applicable in the case of businesses locating in areas of greatest unemployment.

On foreign investments, there is a 15 per cent tax on profits of Canadian subsidiaries of non-resident corporations. By 1963, investment firms will have to get 75 per cent of their income from dividends of Canadian firms.

On investments in Canada: There is the removal of the 4 per cent extra tax as a means of stimulating investment in Canada.

On education, university students are allowed to deduct tuition fees from their taxable income.

On veterans' pensions, there is a 20 per cent increase.

There is also a return to parity of the Canadian dollar.

Mr. Bourget: You have forgotten something, there is also the rise in population.

Mr. English: The population has risen, but contrary to the assertions of the Leader of the Opposition, Canada's entire population is satisfied that the government has not turned a deaf ear to its demands, but has seriously tackled its job and has acted to improve conditions as suggested by the Leader of the Opposition, and to reduce the recession in Canada.

Mr. Speaker, I think Canada's whole population recognizes that the double depreciation measure put forward by the government will help attract new industries to our various areas and reduce unemployment.

The Leader of the Opposition, in his amendment, suggests the creation of a regional rehabilitation agency. In co-operation with the provinces and with local authorities, it would assist in the implementation of a program of aid in the less prosperous areas.

Mr. Speaker, the hon. members of the opposition have taken the government to task

for being slow to act. And now that the measures put forward by the government have been adopted, the Liberals and all opposition members are suggesting a different administrative procedure.

We are asked not to bring in the municipalities.

However, I think the municipalities are the public bodies which are best qualified to make recommendations for fighting unemployment, in view of the fact that they are quite aware of their own economic situation.

I am confident that the municipalities will be able to supply correct information to the satisfaction of the government and of all hon. members.

If we were to start considering a different procedure, this would only delay the implementation of a most useful and desired measure.

For all those reasons, I am against the amendment which, if passed, would prevent a large number of manufacturers from setting up new plants in the near future.

Mr. Speaker, I strongly believe the original measure has the approval of every Canadian citizen. Manufacturers have expressed their satisfaction to me by telephone. They have indicated their intention to establish new industries in my area.

(Text):

Hon. Paul Martin (Essex East): Mr. Speaker, in view of the general character of the contributions made by those who have spoken on behalf of the government today, in particular the Associate Minister of National Defence (Mr. Sevigny), it would be well if we were to remind ourselves of the precise terms of the amendment introduced by the Leader of the Opposition (Mr. Pearson). The amendment reads as follows:

> This house is of the opinion that the provision for double depreciation announced last December will prove ineffective in dealing with the problems of depressed areas, and regrets that the government has imposed the responsibility for the designation of such areas on the municipalities, and that the definition of depressed areas is too restrictive.

When speaking in support of the amendment the Leader of the Opposition referred to the general condition of unemployment in our country. Hon. gentlemen opposite, in seeking to reply to what the Leader of the Opposition had to say, complained about the role assumed by the Leader of the Opposition and the members of the Liberal party who had, in the judgment of hon. members opposite, overstated the case with regard to unemployment.

I regret very much that the Associate Minister of National Defence (Mr. Sevigny) is not in his seat at the moment. I would say to him that once again, as I said on an earlier occasion, his stature has not been improved by the declarations he made today. Nor do we seek to justify the interest which we in the Liberal party have displayed with regard to this problem of unemployment almost from the days when this government first assumed office. Hon. gentlemen over the week end at their party conclave complained bitterly about the members of the Liberal party in general, and myself in particular, because of the fact that we displayed concern about unemployment. Let there be no doubt about this. We in the Liberal party propose to take every opportunity during the life of this parliament to bring home to the government the weaknesses in its policies in so far as those policies do not meet the problem of unemployment. We propose to remind the government of its promises; we propose to expose the government's weaknesses in unemployment or employment policy, as we see them, in accordance with our conscience and our concept of the role of an opposition.

Since when was the opposition to be denied the right to criticize a government because its policies, in the opinion of the opposition, did not seem to prove themselves effective in a given situation? Hon. gentlemen would destroy the value of the opposition. They say we weaken the reputation of our country because we expose this problem and because we complain about the lack of government policy to deal with unemployment. We would indeed be lacking in duty, from the Leader of the Opposition down—and this duty applies as well to every member sitting behind the minister—if we did not outline, as it is seen, the nature of the problem and to put forward proposals. Those who really are lacking in national duty at this time are those individuals in responsible positions who seek to prevent any proper discussion of this problem. Those are the individuals who are failing in their duty.

I would remind the Minister of National Defence (Mr. Harkness) that it is not only members of the opposition who believe the government has obligations. There are as well, important personalities in our country, in the church, in the schools and in Canadian life generally, important personalities, who have not been afraid to speak of the role of the state with regard to unemployment.

(Translation):

Here is what His Eminence Cardinal Leger had to say recently with regard to our Christian responsibilities in the face of unemployment. As reported in *Le Devoir* for Saturday, January 17, 1959, His Eminence declared:

Indeed, the state must, in this field, play a positive role and discharge its full responsibility.

It is first the duty of individuals and intermediate groups to assume their full responsibilities. However, as obviously they cannot be expected with all their ingenuity to solve the unemployment problem alone, public authorities must step in to stimulate their initiative and supplement their action. Indeed, we are reminded by His Holiness the Pope that when private initiative is inoperative or inadequate, "public authorities have an obligation to provide the greatest possible measure of employment by undertaking socially useful works and by promoting, through advice or other means, the employment of those seeking a job."

That is a statement made by a great Canadian. Would anyone say that His Eminence Cardinal Leger shares the communist viewpoint? In 1958, he had this to say:

A situation that creates hardship for too many families and causes such insecurity, should prompt each one of us to make a serious appraisal of the economic system under which we are living.

(Text):

I could go on and quote from statements of other personalities and declarations made by men who recognize that, as spiritual leaders, it is their duty to point out the obligation of not only the individual but the state in the face of what undoubtedly is, in its darkest apparel, a situation that cannot be described other than by saying that it represents a national emergency.

Because we talk about this problem we are criticized by those whose responsibility it is to lead and to bring forward measures capable of dealing with the situation.

Here we have the Toronto *Star* of today.

An hon. Member: Another spiritual source.

Mr. Martin (Essex East): The mayor of Toronto is reported in this paper as saying:

There's Real Despair in city—Mr. Phillips.

I would say there is real despair in this country. There are 700,000 people out of work. We do not know what these figures are now but the Minister of Labour (Mr. Starr) has indicated he will have them soon. One need only ask the officials of the Salvation Army, or of any organization such as the St. Vincent de Paul society in order to see if there is real despair today in many sections of Canada. Because we point to the overshadowing problem of unemployment we are criticized in this free parliament because we criticize the government for the inadequate policies that it brings forward.

This particular program of double depreciation for depressed areas in principle, when it was first enunciated by the Minister of Finance (Mr. Fleming), did give many people reason to believe that at long last the government had embarked on a substantially positive program to deal with unemployment, particularly in chronically unemployed areas, as the Minister of Finance calls them or distressed areas as I call them. In principle, this program of double depreciation is sound. It was recommended by the Leader of the Opposition, speaking on behalf of this party, many months ago and it was reaffirmed at our national rally. It has been practised in the United Kingdom and in the United States, and in that latter country it has now become much stronger and more substantive in form. The Leader of the Opposition did not overstate the situation yesterday, when he pointed out the inadequacy of the particular program of double depreciation brought in by this government.

I read the speech of the Minister of Labour last night and I must say that when I criticized those who criticized us for talking about this problem I was not including the Minister of Labour. I was referring particularly to the Associate Minister of National Defence, the Minister of Trade and Commerce (Mr. Hees) and the Minister of Public Works (Mr. Walker), that experienced parliamentarian who, within a very short time, has established himself in this house as one of its most beloved figures. I was, however, disappointed in the speech of the Minister of Labour (Mr. Starr) because he did not address himself to the real criticisms of this program offered by the Leader of the Opposition.

The background of this situation is simply this. On December 20 the Minister of Finance, in the only reference to unemployment in the budget speech, said that he was going to bring forward a program of accelerated depreciation to assist in the relocation of industries in depressed areas and to encourage industries to stay in those depressed areas. It was not until March 2, some two and a half months later, in spite of questions repeatedly put to the minister that we were in a position to gather what the details of this policy were going to be.

I say without fear of contradiction that any government that delays for two and a half months in outlining a program announced before Christmas in an emergency session designed to deal with unemployment is a government that deserves to be indicted for its failure to deal with unemployment courageously and effectively.

Compare that failure with the action taken in the United States. We have been asking this government for three years to study the problem of depressed areas. We have been asking the government to set up a committee in this house so we could examine into this problem. The only committee that was set up was one set up in the other place, where very important work is being carried out.

This work which is being initiated by Liberal senators, should have been undertaken by this government and it might well have been carried on in this House of Commons by a parliamentary committee.

I hold in my hand the area development act, report on hearings before a subcommittee of the committee on banking and currency in the United States senate. This committee went all over the United States during the past two and one half years studying the problem of the chronically distressed areas of the United States.

We pointed out to the government what was being done in that country. We asked the government of this country to embark upon a similar program. We were told that this was an impractical suggestion. Then in the month of December we found that the Minister of Finance was going to bring forward some kind of a proposal along these very lines, although the government apparently did not have in the Department of Labour or in other departments the necessary material upon which to found a properly conceived policy, as will be found if one examines the record carefully.

The inadequacy of the program is not the only thing about which we are complaining. It is clear that the government itself has been so lacking in any careful preparation—

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I hesitate to rise at this moment, but I do not think the hon. member for Essex East would wish any wrong impression to stay in the house as a result of what he said a few moments ago when he quoted from today's Toronto *Daily Star* and said—

Mr. Pickersgill: This is another of those diversions to use up other people's time.

Mr. Martin (Essex East): Mr. Speaker, this is not a point of order—

Mr. Deputy Speaker: Order.

Mr. Martin (Essex East): All I can say is that I was handed that newspaper and the headline is there for everyone to see. The minister is not going to divert me from my remarks because I have some very important things to tell him today.

Not only did the government not have a policy—

Mr. Walker: Mr. Speaker—

Some hon. Members: Sit down.

Mr. Walker: On a point of privilege, Mr. Speaker—

Mr. Pickersgill: What is your point of privilege?

An hon. Member: Wait and you will find out.

[Mr. Martin (Essex East).]

Mr. Starr: Don't get tough.

Mr. Walker: Mr. Speaker, the hon. member for Essex East has misled the house. He has said that the mayor of Toronto despaired. There is no such statement in the newspaper. A girl called Dinah Kerr wrote an article entitled—

Mr. Martin (Essex East): This is not a point of order.

Mr. Deputy Speaker: Order.

Mr. Walker: Mr. Speaker—

Some hon. Members: Sit down.

Mr. Deputy Speaker: If there is any misunderstanding or misinterpretation arising out of the article in the newspaper to which the minister has referred, after the hon. member for Essex East has resumed his seat I will recognize the hon. member who wishes to make a correction.

Mr. Martin (Essex East): Mr. Speaker, the Toronto *Daily Star* headline is as I read it—

Mr. Starr: No, it is not.

Mr. Martin (Essex East): —and I challenge hon. members from Toronto to deny now that there are cases of unemployment—

Mr. Walker: That is not the point—

Some hon. Members: Sit down.

Mr. Starr: Closure by the Liberals again.

Mr. Deputy Speaker: Order. The minister has risen on a question of privilege.

Mr. Walker: Mr. Speaker, that is another misrepresentation. The hon. member for Essex East succinctly stated in this house that the mayor of Toronto said—

Some hon. Members: Order.

Mr. Walker: —he despaired about this problem. He made no such statement. This is my question of privilege, and I claim the right to make it.

An hon. Member: There is no question of privilege.

Mr. Walker: The mayor of Toronto made no such statement, whatever the reporter for the Toronto *Daily Star,* Dinah Kerr, said and—

Some hon. Members: Order.

Mr. Walker: I can wait as long as you can. Don't you want the truth?

Mr. Deputy Speaker: Order.

Mr. Walker: Mr. Speaker, I am stating my question of privilege—

Mr. Pickersgill: Mr. Speaker, I—

Some hon. Members: Sit down.

Mr. Pickersgill: Mr. Speaker, I rise on a point of order—

Mr. Deputy Speaker: Order.

Mr. Ricard: A question of privilege is being dealt with. The hon. member has no right to stand up now.

Some hon. Members: Sit down.

Mr. Deputy Speaker: Order.

Mr. Martin (Essex East): Mr. Speaker, may I just—

Mr. Deputy Speaker: Order. May I indicate to the Minister of Public Works that if he wishes to put the headline or the report in the Toronto *Daily Star* on the record he will have the occasion later to do that.

Some hon. Members: Hear, hear.

Mr. Walker: Mr. Speaker, this is a question of privilege. The hon. member has—

Mr. Pickersgill: Sit down when the Speaker is standing.

Mr. Deputy Speaker: Order. May I point out that if the hon. member for Essex East, who has the floor now, has not read in its entirety the newspaper, to which the hon. Minister of Public Works has referred, this is not in itself a question of privilege because it does not affect any hon. member in particular or the hon. members of the house generally. This is a question of controversy or a question of correcting facts, which can be dealt with in the ordinary course of debate.

Therefore if it was the intention of the hon. minister to make this factual correction, I would point out to him that this is not a question of privilege, nor is it sufficient ground on which to raise a point of order. I would therefore ask hon. members to allow the hon. member for Essex East to continue his speech.

Mr. Martin (Essex East): Mr. Speaker, I hope that you will allow the time which has been wasted to be added to the time I have left. This is a deliberate effort on the part of hon. gentlemen opposite who do not want to hear the truth—

Mr. Pallett: Mr. Speaker, on a point of order—

Some hon. Members: Closure.

Mr. Deputy Speaker: Order. Do I understand that the parliamentary secretary rises on a point of order?

Mr. Hellyer: He is challenging your ruling, Mr. Speaker.

Mr. Pallett: Mr. Speaker, on the question that has been raised, may I say this. Since the hon. member for Essex East has referred to a document, perhaps it would simplify things, if he would table that document.

Some hon. Members: Oh, oh.

Mr. Pickersgill: He is not allowed to do so.

Mr. Martin (Essex East): Mr. Speaker, I hope you have taken note of these interruptions so that I will be allowed the time that has been taken up obviously by hon. gentlemen—

Mr. Ricard: You are having a dose of your own medicine.

Mr. Martin (Essex East): —being deliberately obstructive. I was saying that not only has the government an uncertain policy, but from the Prime Minister's answer to a question of mine a few days before the order in council was passed dealing with double depreciation, it is clear that the Prime Minister did not clearly understand which minister was to be in charge of this program, because he said that the Minister of Labour was to be in complete charge—

Mr. Pallett: No, he did not. Read the rules.

Mr. Martin (Essex East): —and then later we found out that the Minister of Trade and Commerce was to have some responsibility in this matter. We had been led to believe by the Minister of Finance that we could not have the details of the government's program of double depreciation until the budget resolutions had been disposed of, although the necessary authority resides with the governor in council. The necessary measures could have been effectively completed on December 18, and this program, inadequate as it is, could have become effective from that date on.

Now what do we get? We have a program which is a facade and which will no more resolve this problem of unemployment than would a mere declaration of intention to introduce such a program. Reference has been made to an analysis of this program by Mr. J. G. McDonald who has written:

> In our opinion, it is unlikely that any responsible manufacturer will consider expansion of his business into a new community under the regulation merely because of the minor tax benefits he may receive through accelerated depreciation.

He goes on:

> We find it difficult to believe that the government could seriously consider the new regulation as a genuine tax incentive.

Later, after discussing the requirements, he says:

> All this for one year's accelerated depreciation for additional depreciable property which probably will not amount to more than 1 per cent of the

total undepreciated capital cost of most industries capable of having any effect upon the employment picture.

As the Leader of the Opposition reminded us yesterday Mr. McDonald goes on to observe:

We will not be surprised if the new regulation provides more employment in the civil service in Ottawa than it does in the depressed areas of the country.

Mr. Speakman: Would the hon. gentleman mind telling us what he is reading from?

Mr. Martin (Essex East): The *Financial Post* of March 18.

Let us face this problem seriously. We are legislators. We are dealing with an important national problem. Let us ask ourselves what industry would move, for instance, from the relatively prosperous area of Hamilton in order to settle in an acknowledged depressed or distressed area, or area of chronic unemployment, on the basis of this particular program which is to be in operation for not more than one year. Does anyone seriously think that this is a substantial program? Does the Minister of Labour not feel he has been considerably embarrassed by having to present this anaemic child born of this lethargic, inactive and tired administration?

This program of tax incentives, of accelerated depreciation, is a program which, if it were carefully conceived, could likely provide a substantial partial solution to the problem of unemployment in depressed areas. In my own area I can see where a program of real tax incentives, of real accelerated depreciation extended over a long period, could provide encouragement for the relocation of industry and for industry to stay in that area. Incidentally—and the minister did not refer to it last night—the community which I represent has made an application for the kind of limited assistance available under this program. As I say, if it were executed with sufficient boldness and scope, such a program could be of considerable use. But the program as now presented to us will not bring one industry to one community in this country. The government in offering such a program will be able to do only one thing, and that is to go out in public meetings, where there will not be full opportunity to examine the program, and say: look what we have done; we have brought in this program of tax incentives, of double depreciation, along with the scheme for productivity councils, the legislation to assist small business, and so on. Yet those men in the opposition have done nothing to help us solve this problem of unemployment. I say to the Minister of Labour, the Minister of Trade and Commerce, the Minister of Finance and the Prime Minister (Mr. Diefenbaker) that it is a disgrace for the government to have brought forward a program of this kind when everyone knows it is completely insufficient and lacking in any real substance.

The first major weakness is that it attempts to foist on to the local authorities responsibility for the determination of what is a labour surplus area. Imagine imposing upon the local authorities of our country the responsibility for determining whether or not they are distressed areas. What is being done in England? What is being done in the United States by governments courageous enough to face this problem and acknowledge its seriousness? Of course, in England they have only about 1 per cent of their work force out of employment while in Canada we have almost 12 per cent of our work force out of work. President Kennedy did not hesitate to suggest the designation of distressed areas and to provide, within a few weeks of taking office, a program designed to assist the unemployed in those areas. I suggest that the real reason why this limited program is brought forward is that this government was embarrassed by not having brought forward a program in principle like this long ago, particularly when there was such discussion concerning lack of action in the United States at the time.

The second major weakness is, of course, the restrictive character of the criteria which are to be used to define a depressed area. Imagine places such as Elliot Lake, Springhill and Peterborough not being able to qualify for this kind of limited assistance. The requirement that one should go back to 1953 is a most ridiculous requirement. The only requirement which should have been put into this measure is: what is the level of unemployment and distress in these particular areas at the present time, not what the situation was in 1953. Is Elliot Lake a distressed area? Is there much unemployment in Peterborough? Why not apply the standards applied in Britain? Where 4 per cent of the work force is out of work for a certain definite period, then the area becomes a depressed area capable of qualifying for the benefit of accelerated depreciation. In the United States another standard has been put forward; 6 per cent of the work force out of work for a stated period qualifies the area as one which may take advantage of the proposals for tax relief or accelerated depreciation.

I suggest to the government that they are fooling no one with this program. They are not going to fool the municipalities. They are not going to fool corporations which would like to take advantage of such a

scheme. Every paper in Canada which has commented on this program has criticized it because of its restricted character. It has been criticized in the Halifax *Herald,* the Windsor *Star,* the Toronto *Globe and Mail,* and in papers all over the country, added to which there is the criticism I have read from the *Financial Post.* This is a facade which is another attempt on the part of this government to give the impression that it is doing something substantial to relieve the most serious single domestic problem facing the people of Canada today.

Something must be done about this situation. We cannot allow this government to continue in its leisurely, laissez faire way because if we do so we shall run into very serious situations. The recession may lift, but unemployment will persist and with it will come those influences which will bring about a kind of society which the Associate Minister of National Defence deplores no less than does everyone in this house.

The governor of the Bank of Canada has some views on unemployment and we ask the government to address itself to the solutions which he advances and to say whether they are right or not. Mr. Coyne, according to his report, said:

> Economic developments have not been of such a character as to raise employment in step with the increase in the labour force.

Does the government agree with this statement? Does it confront the situation? Does it say the governor of the Bank of Canada is doing a disservice to this nation by pointing out what he believes to be the facts?

Then, the governor of the Bank of Canada says:

> Analysis of Canada's situation seems to me to indicate that the approach to higher employment and output should be through measures designed to reduce the large deficit in our current account balance of payments and through increases in spending of a selective character likely to increase production in Canada, rather than through measures designed to raise the level of total spending by Canadians.

Does the government agree with this statement? There is a proposal by the governor of the Bank of Canada for a solution of this problem, and yet ministers sit in their seats day after day refusing to say whether they agree with the governor of the bank or not.

Then, the governor of the Bank of Canada goes on to say:

> We should not allow exaggerated ideas about the influence of monetary policy to distract us from pursuing outside the monetary field the most practical and effective measures to ensure the restoration of a high level of employment and the reduction of unemployment to the minimum level.

Mr. Coyne says that the problem of unemployment belongs to the government; but, while that is the case, he nevertheless proposes his solutions for dealing with it. The governor of the Bank of Canada is a responsible, distinguished public servant in our country. I am not now commenting on whether I agree with his detailed analysis and his proposed solution. What I am pointing out is that the governor of the Bank of Canada may have exceeded his normal function, perhaps in the national interest, as he sees it, and has pointed out to the Canadian people and to the government the general lines of an attack on unemployment. He says that monetary policy is his responsibility. That is true. By that he does not mean to imply that the government has no responsibility in the final analysis, but he makes that remark so that it will be clear that with regard to debt management, fiscal and financial policy, in so far these have anything to do with the maintenance of our standard of living, they are a responsibility which belongs in the first instance to the government.

I say that if the government is serious about trying to resolve this problem of unemployment it cannot leave untouched and unnoticed these declarations of the governor of the Bank of Canada. It cannot simply hope that parliament will prorogue and that there will be no debate on the merits of the proposals put forward by the governor of the Bank of Canada.

An attempt to resolve this problem of unemployment should involve the careful consideration and study of the recommendations of the governor of the Bank of Canada. I raise this matter of the bank and unemployment at this time because I think it is basic and because, from all that one can hear, I believe the government is about to take this matter out of the hands of parliament. The government is about to resort to its well known technique of appointing a royal commission to examine into the whole question of monetary policy. If it takes that course, then to outsiders, to those members of the royal commission designated by the government alone, will be afforded the opportunity of interrogating the governor of the Bank of Canada on monetary policy and presumably on matters related to it, and arising out of the report presented to parliament a few days ago. If such technique is employed we shall be denied the right and opportunity to determine whether or not the governor of the Bank of Canada is diametrically opposed to the policy of the government—

Mr. Pearson: That is the purpose of it.

Labour Conditions

Mr. Martin (Essex East): The Leader of the Opposition says that may be the purpose of appointing a royal commission. If this royal commission is appointed, then we shall be denied the opportunity of determining whether the proposals themselves deserve to be embodied in government programs to resolve this problem.

I say no government can discharge its function to the unemployed of our country, or in this particular context can deal with the very important problems facing Canadian industry, Canadian agriculture, our labour force, and the nation generally unless we are put in a position to ascertain what are the details of the solutions proposed by the governor of the Bank of Canada. In the face of the intransigent position taken by the Minister of Finance, the only way in which we can be given this opportunity is for this government, and particularly the chairman of the banking and commerce committee, without any interference by the Minister of Finance, to allow the governor of the Bank of Canada to appear before that committee and enunciate the reasons for his proposals.

Mr. Martineau: I rise on a point of order.

Mr. Deputy Speaker: Order.

Mr. Martineau: For the last several minutes the hon. member has been discussing monetary policy and the opportunity for the governor of the Bank of Canada to appear before a certain committee. I respectfully submit to Your Honour that this is not pertinent to the debate before this house. The hon. member who is always rising on points of order should be the first one to observe the rules of this house, as Your Lordship so well pointed out just a few minutes ago.

Mr. Pickersgill: There are no lords here; this is a democratic house.

Mr. Martin (Essex East): First, Your Honour knows very well that you are not Your Lordship. Second, the point of order taken was obviously another device on the part of the government to prevent one from continuing with one's point of view, namely the development of monetary policy. What I said about debt management and fiscal and financial policy are fundamental factors in the state of our economy and in any attempt to deal with the problem of unemployment.

In conclusion, I say that the government now faces—

Mr. Martineau: May I have a ruling on the point of order which I raised, Mr. Speaker?

Mr. Deputy Speaker: I was about to say that it was useless to rule on the problem of relevancy, which is always rather difficult, after the hon. member for Essex East had indicated that he was about to conclude. If this is the case I will not rule, but if the hon. member wishes to pursue the subject of monetary policy I shall have to rule.

Mr. Martin (Essex East): Mr. Speaker, I am not going to deal with it. The point has been made as an obstruction and was intended for that purpose.

Mr. Martineau: On a point of order, Mr. Speaker, I do not think the hon. member has any cause to state that when a point of order has been upheld by the Speaker it was raised as an obstruction. Either this house has rules or it has not. If it has rules, I think the hon. member for Essex East should observe them.

Mr. Martin (Essex East): Whatever we may say, this problem is before us. Whether we sit in the opposition, in the ministry or behind the ministry, we cannot escape the fact that we have a serious problem before us. In our judgment the government has not brought forward a program which is capable of biting into this problem. The various measures which have been proposed such as the winter works programs and the like, only indicate the severity of the problem. The government says that it has put 100,000 men to work under that program. If that program had not been brought in, instead of 700,000 we would have 800,000 out of work. The fact is we have at least 700,000 unemployed. Under our parliamentary system this is a problem that rests primarily on the shoulders of the government of the day. It cannot shift that responsibility on to labour, management or oppositions. We in the opposition have sought to deal with it; we have put forward our proposals. The government has not accepted them. One of the proposals we have put forward is that about which I have been speaking today, namely an examination of the publicly declared program for resolving unemployment put forward by the governor of the Bank of Canada, that important institution established by parliament. If parliament is the master of the Bank of Canada as the Minister of Finance indicates, and quite correctly in a constitutional sense, then it is our responsibility as members of parliament to see that we ascertain from the governor of the bank what his proposals are so that we can examine and compare them with the program of the government, make the necessary judgment and give the people of Canada the opportunity of making the necessary jugment. The failure of the government to act on this proposal will only add to the growing record of the government's utter incapacity to deal with this problem.

Mr. J. R. Keays (Iles-de-la-Madeleine): Mr. Speaker, I was very happy to hear the hon. member for Essex East (Mr. Martin) read the amendment presented to the house yesterday. No doubt his intention was to draw the attention of the house to the fact that he was going to speak on the subject of the amendment, limited as it is, but nevertheless he did find an opportunity to bring in a few other things which are not in the amendment. At the request of the Minister of Public Works (Mr. Walker) I should like to draw the attention of the house to a statement made by the hon. member for Essex East to the effect that there was real despair in Toronto. The statement referred to by the hon. member appeared to be a statement by Mayor Phillips of Toronto. The article in question in the Toronto *Star* of today is written by Dinah Kerr and in it she is addressing herself to Mayor Phillips and telling him that there is real despair. The article was misrepresented to the house by the hon. member for Essex East.

Moreover, Mr. Speaker, yesterday the Leader of the Opposition (Mr. Pearson) endeavoured to bring the word McCarthyism into his speech. How far are they going to go in the making of such representations in the house with the intention, though I would not say it was deliberate, of misleading the house? While I am on the subject of McCarthyism, which was mentioned yesterday by the Leader of the Opposition, I wonder whether he is aware of the speech made in Brantford by the hon. member for Niagara Falls (Miss LaMarsh) in which she said that the young Liberals should be the radicals of the party. Accompanying her on that trip was the hon. member for Trinity (Mr. Hellyer) who apparently aspires to the leadership of the Liberal party and possibly is trying to create dissension in the Liberal ranks. Moreover, does the Leader of the Opposition not know of the statement made by the hon. member for Burin-Burgeo (Mr. Carter) that in the C.B.C. there are subversive elements? I ask you, Mr. Speaker, where is the McCarthy in the House of Commons?

I should now like to deal with the amendment. There is an attempt on the part of the opposition to segregate each piece of legislation which has been presented to the house. It seems that they do not realize that the legislation whereby double depreciation will be granted to those establishing plants in depressed areas is part of an over-all plan. We cannot look upon the amendment strictly from the point of view of the effects that double depreciation will have on the economy but rather we should regard the provision of double depreciation as another well advised and well planned move. To use the words of the Leader of the Opposition when he spoke yesterday, it is another form of the massive attack upon the problems with which the government is confronted.

We are not going to be swayed by desperation as the opposition was during their last days in office nor are we going to approach the solution of these problems in other than a well moderated way in accordance with normal business procedure. The government is not going to be swayed by the woeful, sad and pitiful cries of the opposition, or by their exaggerated and often irresponsible statements. Rather, Mr. Speaker, the challenge to rectify the ills of the economy is accepted by the government and the problems will be dealt with with moderation and from the point of view of real expediency and not in a wasteful way through desperation.

The first measure introduced during the present session of parliament dealt with loans to small business. The effects are good. Then there was the creation of a productivity council. These two measures will enable the production of more and better goods and ultimately will mean more people on the payroll. Then there is the extension to $35,000 of the amount on which the minimum 21 per cent corporation tax applies, which is an additional tax concession to small industries and businesses. We also have the new incentives to industries to locate in depressed areas. Are not all these measures taken together an indication of sound planning and of the fact that the government is looking toward the solution of the problem not for a day, a month or a year but rather to the provision of steady employment and a stable economy in the future?

The government is to be congratulated for its well conceived plans and actions to bring an end to the ills that effect our economy not just for a few months but in the foreseeable future. If the former government in the days when it gloated over its large surpluses had only had the required vision it would have implemented the measures which are being introduced into the house during this session. It is not at times like the present when such measures should be taken but rather when the country has a surplus and we want to make sure that we will have a growing economy. The trouble today, and everyone knows it, lies in the fact that the gross national product has not been rising annually to a satisfactory level. The time for such actions to be taken is when governments have surpluses, because if such actions are taken then the gross national product of our country would not fall in the following years. This is one area of the economy, Mr. Speaker, in which the former

government should have taken action. However, they were satisfied that nothing would happen in the next year. The former administration should have introduced those measures which have been lately introduced, and then today we would be happy to hail them for their generous actions.

There has been some talk about tax cuts. Is this double depreciation not a form of tax cut? Is the measure raising the level at which corporations would be liable for the minimum tax of 21 per cent from $25,000 to $35,000 not a tax cut? These, Mr. Speaker, are the incentives and the means by which industry will expand and enable us to attain our ultimate goal which is full employment. I can think of many areas in the country which would be very happy if this double depreciation applied to them. I can think of plants which have been closed; and if an extra 10 per cent or 15 per cent of their depreciation fund were made available to them in the form of working capital, I am sure they would welcome it. I can think of other industries that have settled in one area, and if this legislation were applicable to them they would give new thought to expansion. I can picture them looking for a place in which primary products would be available, where transportation would be cheaper and where they could find a labour force sufficient for their needs. How serious can a person be when he says that such measures are not good? It is true, Mr. Speaker, that there are many people who believe that the well designed plan this government has introduced will bring our economy up to the standard at which it should be. In the years to come we shall be able to look back at these measures as the greatest pieces of legislation that have been introduced into our Canadian parliament.

I should like to refer briefly to the speech made by the hon. member for Gloucester (Mr. Robichaud) in which he stated that double depreciation was not adequate for the needs of the maritime provinces. Does he not recall that for some time APEC has requested that double depreciation be made applicable to the maritimes? Does he believe that this organization will hesitate to make the necessary applications under this legislation? I believe that the maritime area will derive a great deal of satisfaction from this measure.

I want to refer for a moment to the criticism levelled by the opposition at the fact that the municipalities themselves must make application. This type of criticism reminds me of the days when the Liberal party were centralizing everything in Ottawa. They do not want the municipalities, in conjunction with their boards of trade or other economic bodies, to decide whether or not they are depressed areas and in need of new industries.

[Mr. Keays.]

The Liberal party is satisfied that these local governing bodies should stay at home and let the central government at Ottawa tell them what they should or should not have. The danger in this philosophy, Mr. Speaker, is that it tends to destroy personal initiative and the wills of local governments. We should beware of ever going back to the time when we would have a central government at Ottawa which would tell the local governments how they should operate.

The hon. member for Welland (Mr. McMillan) did produce one statement by someone who was not favourable to the legislation that has been introduced. However, he omitted to read other statements which have been favourable. I should like to refer to one statement by John Meyer, the financial editor of the Montreal *Gazette*. He says:

> The measures taken by the federal government to relieve unemployment fall into two general categories—the obvious, like housing funds and railway construction, and the not so obvious, like doubled depreciation and long term export credit financing. Of the two, the latter will have the greatest effect over the long run. Their common purpose is to encourage the increase in production upon which the increase in employment depends.

When we encourage secondary industries to establish in depressed areas, Mr. Speaker, we are not only increasing the employment opportunities in that area but we are making available to the other parts of Canada the benefits to be derived from the purchase of heavy equipment, building material and other products. This measure, therefore, affects not only a sector, but Canada as a whole. I believe this has been a very commendable move on the part of the government.

Reference has been made also to the programs adopted in Great Britain, the United States, France and other countries for dealing with this problem. The Leader of the Opposition (Mr. Pearson) no doubt had a lapse of memory when he referred to these programs because, until these remarks were made, he led us to believe that Canada had a monopoly on this problem.

Before concluding my remarks I should like to stress the fact that the opposition should take a positive approach to these problems and endeavour to bring forward some solutions. Reference has been made to a press release issued yesterday by the Liberal party in which that party set out, not the 23-point program referred to by the Minister of Labour (Mr. Starr) last nigh, but a six-point program. All I can say about this program is that it seems to emphasize the fact that the government should extend or increase contributions or renew certain measures. The Liberals seem to be sterile

of ideas because they have not brought forward one new solution. I do not know the reason for this but it seems that the only policy the opposition has is to demand more of whatever the government brings forward. They have not brought forward one concrete proposal, but still they stand up and criticize this government, from one side to the other, and endeavour to make the people of Canada believe that without the Liberals there will be doom and gloom.

Mr. Martin (Essex East): May I ask the hon. gentleman a question? Does he believe that this program of double depreciation for a period of one year will materially or at all significantly assist in resolving the problem of unemployment in depressed areas?

Mr. Keays: I am sure that an industry moving into an area acquiring $1 million in equipment to set up would welcome the $100,000 to $150,000 it would be allowed to retain in the form of depreciation and could use it to great advantage during the difficult period of commencing operations, usually over five years. I am sure that no company would turn down the opportunity to retain that $100,000 to $150,000.

Mr. Martin (Essex East): I should like to ask the hon. member another question because I know he would like to be fair. Does my hon. friend seriously think a company is going to move into a depressed area on the basis of the offer contained in this program? Does my hon. friend think there is any industry that would move into an area unless it was assured accelerated depreciation over a long period of at least 12 years?

Mr. Keays: Is the opposition trying to make us believe that this government or any government should pay for all the capital expenditures for any project? Has the opposition become so socialistically minded that it believes we should destroy private enterprise by asking the government to pay for every company's capital operation? I would suggest that we try to retain rather than destroy that initiative which is left in Canada.

Mr. Martin (Essex East): If the hon. member does not wish to answer my question, that is fine.

Mr. M. W. Martin (Timmins): Mr. Speaker, I feel we have just seen a very good example of a Conservative definition of socialism.

The amendment under consideration is based, although we may not have been able to notice it during the last two days, on three points. The first is that double depreciation will prove ineffective as a solution to the problems of unemployment in depressed areas. The second point was the exception taken to the fact that the responsibility for declaring an area depressed has been placed upon the municipality. The third point, of course, is that the definition of the areas themselves is too restrictive. I should like to deal briefly with each one of these three points.

We witnessed today an example of the government's approach to this problem when the Associate Minister of National Defence (Mr. Sevigny) explained away, at least to his own satisfaction, the unemployment problem. He suggested it was just a matter of statistics which did not really show the true picture at all. He may have explained this problem to his satisfaction but he certainly did not explain it to the satisfaction of myself or the unemployed people across this country or the people whose jobs are hanging by threads in the face of this great new unemployment created by the relentless march of automation.

This one program the government has brought forward seems to fit into the program outlined by the Prime Minister (Mr. Diefenbaker) in his speech on television last Friday to which the Leader of the Opposition (Mr. Pearson) referred yesterday. The Prime Minister suggested at that time that we must take a stand now on whether there will be free enterprise or socialism in this country. I should like to state on behalf of the C.C.F.-New Party that we are very pleased to accept that challenge. I suggest that this is excellent ground on which to fight an election campaign. I should like to have one hon. member in this house point out to me one social problem that has been solved through free enterprise. The Prime Minister has said that we must declare war on socialism. I would suggest that in order to do so we must first abolish our post office, the socialist water we get when we turn a tap on, the socialist light we get when we press a light switch, the socialist highways we drive our cars on, the socialist fire department we call when our house is on fire, the socialist police departments, which protect us, and we would have to abolish our public works departments. We would not be able to travel through our national parks because they are socialistic parks, and we would have to abolish our socialist hospital insurance plan.

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Henderson: I should like to ask the hon. member a question. From where are you going to bring all these policies? Are you going to bring them from jail?

Mr. Martin (Timmins): I am afraid I do not understand the significance of that question. I was speaking merely about the socialistic

things we have today upon which the Prime Minister is declaring war, if we are to believe his speech of the other night.

What will we do about unemployment insurance, old age pensions, children's allowance, the civil service, the army, navy and air force? Are we going to abolish them as well as the twenty nine corporations which are outlined at page 54 of the Auditor General's report? I would suggest that this subject would provide an excellent platform for us to fight an election on.

I was very delighted with the Prime Minister's speech on television Friday night for two very good reasons. One reason was that I did not see the telecast. The second is that when I returned to my home on the week end I received a telephone call from two individuals who said they had worked very hard for the Conservative party in the past and suggested that his speech was the straw that broke the camel's back. They were so disgusted with his announced program that they came down and joined the C.C.F. party, and I have their membership cards before me now. I hope the Prime Minister makes a similar speech every night.

There was not very long ago a much more effective telecast which brought the problem of unemployment to the attention of the majority of Canadian people. Most of the time television viewers hear references made to statistical figures of unemployment but, after perhaps commenting that it is unfortunate, they return to their bridge games or whatever else they may have been doing. The majority of individuals seeing a film or television program depicting a depressed area are not particularly impressed because they themselves do not live in that kind of place. For this reason it is not of significance to them for very long. The program of which I speak brought home to those individuals what it is to live in a home such as their own after losing their income. They realized what it meant to lose their jobs suddenly and began to wonder how they would manage under similar circumstances.

Because of the way in which the majority of people live in our country today there exist monthly fixed expenses through mortgages and time purchases. We no longer exist at a time when an individual can cut wood for fuel because we are using coal, oil or gas and these things have to be paid for. We have heard complaints about individuals who refuse jobs that pay $40 per week, not realizing they have fixed weekly expenses of $50 or over. However if they stay on unemployment insurance they would at least have an excuse for not paying these bills.

[Mr. Martin (Timmins).]

Mr. Speaker: Order. The hon. member began very encouragingly by saying he was going to discuss the three parts of the resolution.

Mr. Martin (Timmins): Mr. Speaker, I am afraid that when I get on to this subject I tend to be carried away at times. I should like to go back and deal with the first point that was mentioned, namely the ineffectiveness of this measure. What does this measure really mean? It means a one-year break for an industry if it will go into one of these depressed areas. It means a one-year break for an industry to set up in an area which has had this problem in the past, but it can only be regarded as a problem if it is eight years old.

Why we went back to 1953 is more than I will ever understand, because in 1953 we had the Korean war, did we not? A period of war is the only time that free enterprise has ever been able to solve the unemployment problem. It did it then because the government stepped in and took direct action that provided employment. It was not due to private enterprise at all.

The greatest failure of this particular program as an unemployment relief measure is in the fact that only if industry does step in will there be even one single, solitary job provided. I disagree with the hon. member for Essex East (Mr. Martin) on most things, but he said something with which I agree. He pointed out very clearly that not too many industries are going to be lured into any of these areas by this particular measure. As I mentioned before, this is in line with the announced policy of this government which says that we can solve these problems only through private enterprise. This again is to be a private enterprise measure to try to meet this social problem, and it will fail as utterly and completely as did similar measures which have been tried in the past.

I wish to speak now on the second point. The responsibility is being passed to the municipalities themselves. This is another shining example of this government's policy which we have seen unfolding before us for the past number of years. This is the government's idea of leadership by abdication. The winter works program was passed to the municipalities. The vocational training program is passed to the provinces.

The government is abdicating the policy of orderly taxation. I do not know why the federal government should collect taxes at all, if they are to pass off all the responsibility and all the costs to the municipalities and provinces.

Mr. Thrasher: What costs?

Mr. Martin (Timmins): I believe some hon. member said, "What costs?" A good example is the 97 per cent of the costs of the winter works program which has been passed to the shoulders of the municipalities.

Mr. Thrasher: What has that to do with the costs of collecting taxes?

Mr. Martin (Timmins): We see these empty gestures which have been unfolded in particular during this session. These are examples of taking a good idea, blowing it up like a great big balloon and then applying rules so it cannot be effective at all. I wonder why this government does not just admit defeat and put a padlock on the door.

We have had a good example of what is happening to the support of this government. We had an excellent example last summer in the swing of 9,000 votes from the conservatives in the city of Peterborough. This government seems to forget that the only reason they got their chance in 1957 and 1958 was that the people were fed up with the Liberals; and unfortunately people have found they are out of the frying pan and into the fire. If measures like this are the best this government can put into effect, I predict that there are going to be many more Peterboroughs across the country.

Then lastly we have the fact that the definition is too restrictive. I certainly agree that it is too restricted. We have here a measure that does not take into consideration at all what the situation is in any given area at the present time. Under this measure we could have 100 per cent unemployment in an area, a complete shut-down of industry, and still it could not qualify under this measure. What kind of a solution is that? This is the so-called solution of leading into this problem and trying to do something about it.

I think it is time this government really headed into this problem. I do not think they are fooling anybody but themselves. I think the people across the country are becoming more and more aware of the fact that either there is no ability or there is no desire on the part of the present government to try to head into this problem and do something about it.

As I said, this is just another one of the empty gestures that are presented to this house to meet a problem that apparently, in spite of the gestures that have been made, is increasing month by month at a terrifying rate in this country.

Mr. Stewart: Mr. Speaker—

Mr. Martin (Essex East): Mr. Speaker, I rise on a question of privilege—

Mr. Stewart: —yesterday when the Leader of the Opposition was speaking—

Mr. Speaker: Order. The hon. member for Essex East has risen on a question of privilege.

Mr. Martin (Essex East): Mr. Speaker, I rise on a matter that affects the privileges of every hon. member of this house. Today the hon. member for Skeena asked the Minister of Labour when we would be given the latest available figures on unemployment which are released by the government every month. The minister's reply was somewhat vague, but certainly he did not convey the impression that those figures would be given to us today or that they would be available to us tomorrow.

I have had these figures sent to me. These are figures reeased by he dominion bureau of statistics, and on this document is marked "8 a.m. release March 22, 1961". This document was sent to me and was put on my desk. It contains the latest figures in connection with unemployment. At a time when we are discussing unemployment, it is a violation of our privileges to be denied this information.

I have just concluded a speech on this question. If I had been in possession of these figures I would have been able, as would other hon. members, to deal with the situation even more cogently than I did. But it is wrong—

Mr. Speaker: Order. Would the hon. member indicate what the document is which he has in his possession.

Mr. Martin (Essex East): Mr. Speaker, this is from the dominion bureau of statistics, Ottawa, Canada, the labour force for February, 1961; and then in red ink through a stamp, obviously, it says "8 a.m. release March 22, 1961".

Mr. Churchill: How did you get it?

Mr. Martin (Essex East): This was sent to me right here—

Mr. Churchill: By whom?

Mr. Martin (Essex East): —as it is sent every month—

Mr. Starr: Mr. Speaker, I rise on a question of privilege—

Mr. Martin (Essex East): I have already risen on a question of privilege. I say that the government, having distributed these figures, should not have withheld this document—which was obviously intended to reach us tomorrow morning, because it says it is to be released on March 22, 1961—when we are debating the very problem to which these figures have application. I say this is—

An hon. Member: You are just catching headlines.

Mr. Martin (Essex East): My hon. friend says I am just catching headlines. My hon. friend knows perfectly well that when we are discussing the question of unemployment in this house we are entitled to have the latest available figures. These figures were denied in the house today in answer to the question asked by the hon. member for Skeena, and they were sent to me and put on my desk. I say that this is a violation of privilege for the Minister of Labour or the government to have caused this distribution to take place and then to preclude us from using these figures in this particular debate at this time. That is my question of privilege.

Mr. Churchill: You had better tell us how you got it.

Mr. Martin (Essex East): I have just told the hon. member how I got it. It was sent to me.

Mr. Churchill: By whom?

Mr. Martin (Essex East): I do not know by whom.

Mr. Pickersgill: Perhaps the dominion bureau of statistics.

Mr. Martin (Essex East): Perhaps the dominion bureau of statistics, or perhaps some other hon. member, but it was handed to me at my desk by one of the page boys.

Mr. Speaker: Order. I will hear the Minister of Labour.

Mr. Starr: Mr. Speaker, in answer to the question asked by the hon. member for Skeena as to when these figures would be released, I said, "Fairly soon". There had been no release, to my knowledge, of these dominion bureau of statistics' figures. The hon. member says he has received them and that they are stamped with a red stamp. That sort of release is never made on this basis. Then I think the hon. member got it in a way that is not proper. Officially, these figures have as yet not been released and they will be released, as marked on them, tomorrow morning at 8 a.m. I think the hon. member for Essex East should be asked to give a full explanation as to what method he used in obtaining this release.

Mr. Martin (Essex East): The Minister of Labour, obviously finding himself in a very embarrassing position, now seeks to extricate himself by making this charge.

Mr. Speaker: Order. Unless there is a motion before the house there cannot be a debate on this question. The hon. member for Essex East (Mr. Martin) has made his point that what has happened is some breach of the privileges of the house. The Minister of Labour indicates that as far as he knows there has been no release of the document in question. I cannot permit a debate on the question which has been raised by the hon. member for Essex East. He has made his point, and the minister has made what explanation he wishes to give. I therefore think that, unless there is some new element the discussion must be considered closed.

[Mr. Martin (Essex East).]

Mr. Martin (Essex East): I agree with Your Honour that with regard to the question I have raised the matter is settled, but the Minister of Labour said I owed the house an explanation as to how I got this document.

Mr. Starr: What method you used.

Mr. Speaker: I heard the Minister of Labour say that, but there is no question of privilege arising there. There is no allegation of impropriety which would entitle the hon. member for Essex East to accept the invitation to explain how he got the document. That is not the matter before the house. The question before the house is the amendment.

Mr. Martin (Essex East): Very well; I will let it stop there.

Mr. R. D. C. Stewart (Charlotte): When I was interrupted by the hon. member for Essex East on his question of privilege I had just completed saying that when the Leader of the Opposition (Mr. Pearson) was speaking we waited—

Mr. Speaker: Order. I do not know how the reporter is going to report the hon. member for Charlotte from the far end of the room when there are three members talking from their seats in the centre of the chamber. I trust they will hold their peace.

Mr. Stewart: I, along with other members, waited for what we thought would be words of wisdom from the mouth of the Leader of the Opposition. I thought his opening remarks, which took approximately ten minutes, were just preliminary to getting the ship of state in motion and that we would eventually hear from the hon. gentleman something worthy of a man who at one time occupied a very prominent place in the Liberal party and in this country as a whole. We expected great things of the Leader of the Opposition. However, after he had finished bemoaning the fact that he had not been allowed as much time on television as had the Prime Minister (Mr. Diefenbaker) he came out with an amendment which, if it was not still-born, was at least anaemic and had apparently no chance of surviving.

The Leader of the Opposition together with others on the opposition side persists in viewing the problems of this country piecemeal. The proposal for double depreciation advanced by this government is not the only proposal designed to cure or to assist in curing unemployment. Yesterday, Mr. Speaker, you laid down the boundaries of this debate and I hope I shall be able to keep within those boundaries, but I suggest that we cannot discuss this proposal for double depreciation intelligently or satisfactorily without considering unemployment, together with some of its causes and some of its remedies. Then, too, we must consider the proposals advanced by this government, the steps already taken and the steps to be taken in the future. We must view this problem in its true and proper perspective. We must consider this as part of a great national development.

The Leader of the Opposition advanced six basic proposals. I do not intend to refer to these at great length as I think they have been admirably and sufficiently dealt with by the hon. member for Prince (Mr. Phillips). I should like to confine my remarks principally to the words of the hon. member for Gloucester (Mr. Robichaud). However, before I do so I should like to refer to the hon. member for Timmins (Mr. Martin) who referred to a possible split in the Conservative ranks. Apparently the hon. member overlooked what happened in the town of New Glasgow and I would refer him to a headline which appeared in the paper published in that area. It reads: "More C.C.F.'ers Quit in Executive Fight." If the hon. member would like to see that article I will send it to him.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Stewart: Mr. Speaker, before six o'clock I had referred briefly to the hon. member for Gloucester who was not then in his seat, nor is he in it at the present time. In this debate the hon. member for Gloucester referred in very general terms to the development of the Atlantic area, to capital assistance, and read at considerable length from the speech made by Mr. Johnson, president of the Atlantic provinces economic council. He talked about coal mining and general development in the area, including secondary industry. In the few minutes available to me I should like to examine some of those projects and some of the statements made by the hon. member and point out how erroneous some of his observations were.

I am afraid that the people of New Brunswick will feel that the hon. member has done a great disservice to his native province. I would refer this house to some approaches made to the government by the government of New Brunswick that the hon. member supported at the time. When the province of New Brunswick came to Ottawa in 1953 for assistance in the development of Beechwood, which was one of the capital projects similar to those mentioned by the hon. member in his speech, what did it receive from the Liberal administration of that day? It received absolutely nothing. I said "nothing"; I should correct that. At the opening of the Beechwood project we received a speech from the late Right Hon. C. D. Howe. We were told at the time that we were able to finance Beechwood, and if we were not we had no industries that needed additional power.

The hon. member for Gloucester talked about secondary industries, and the observations made by Professor Cairncross in his recent survey of the maritime area. When we in New Brunswick approached the late C. D. Howe for industries during the second world war we were told that we had no surplus power for industries, and when we asked for power we were told that we had no industries needing power. It was a case of being damned if we did and being damned if we did not.

During the first world war, under a Conservative administration, New Brunswick had war industries. We had two munitions plants.

Mr. Pickersgill: In view of the way in which the rules have been enforced on a number of members of the opposition who spoke in this debate, I wonder how the history of New Brunswick and the first world war can be related to the motion before the house?

Mr. Stewart: In reply to the point of order raised by the hon. member may I say that we are talking about double depreciation in depressed areas and about depressed areas arising from the lack of industry. I was going to point out that had we established industries in the second world war we would not have the unemployment that exists at the present time.

Mr. Speaker: In the light of the earlier discussion about the Atlantic area as one of those which might be considered as an area under this amendment, the Cairncross report, and the definition of what is an area entitled to this tax consideration, the hon. member is really not far off the point.

Mr. Stewart: Thank you, Mr. Speaker. I can find nowhere in the record any indication

that at any time the province of New Brunswick came to the Liberal administration prior to 1957 it received any support.

The Liberal administration appointed the Gordon commission. I point out to my hon. friend that one of the submissions to that commission by the province of New Brunswick was—and I am dealing now with agriculture because that was dealt with by my hon. friend from Gloucester—that "capital requirements of the industry will be substantial". We received no capital assistance at that time.

The hon. member also referred to harbour developments and inmprovements as contributing to the economy of the area. I suggest to him that his constituency has received more help since 1957 than at any time during the 22 years of Liberal administration; it has received many millions of dollars more.

During 1944 and 1945 it was my privilege to visit every wharf and every breakwater in the province of New Brunswick, including the breakwaters and wharves in the constituency of Gloucester. At that time the town of Bathurst was crying for harbour developments and received none. Under the present Conservative government millions of dollars have been spent in developments. I want to refer briefly to my own constituency. In 1958 approximately 3,200 people were unemployed. This area includes part of York-Sunbury, or the town of McAdam. That was in January, 1958. In January, 1961, we had fewer than 1,200 unemployed, and at the present time there are approximately 600. I suggest that this reduction has been brought about through the national development policy of this government, through the guidance and assistance of energetic people desirous of aiding their local areas and through some assistance rendered by myself. I say it is the duty of every hon. member to enlist the right thinking people of his or her area so that together we can bring this country back to a sound and boisterous economy.

The hon. member for Timmins referred to the recent Conservative convention. I am afraid that in this instance, as in that of the Leader of the Opposition, it was a case of sour grapes. They did not want to see the expression of national unity and the support that have been given to our present Prime Minister, in his efforts directed toward national development and prosperity. We are not a divided race nor a divided nation. I defy hon. members who talk about depression to come down to the maritime provinces. We are not depressed; we are not divided. We have given the brains so that the rest of the country could develop in years past and we can do it in the future.

[Mr. Stewart.]

The hon. member for Gloucester referred to capital development in the Atlantic area. I ask him in all sincerity to name one major capital development which was established in the Atlantic area by the Liberal administration in its 22 years of office. I suggest that the record does not disclose one single solitary item. To hear the hon. member for Gloucester you would think that the Chignecto canal has developed since 1957 or that the Campobello-Lubec bridge, which is now under construction, just developed overnight. These are major capital developments and I can refer to others. There is the trans-Canada highway bridge at Hartland built under the auspices of the present Minister of Forestry (Mr. Flemming) and this government. The same is true of the bridge at Fredericton. Surely these are capital projects which were designed to help and did help the economy of the Atlantic area. I could refer to others in the Atlantic provinces.

Then there are the special adjustment grants. We heard nothing of any such grants while the Liberal administration was in power. The phrase "adjustment grants" was unknown to them. These grants were made to help the Atlantic area overcome the inequalities arising as a result of population and as a result of distance. Never before has the Atlantic area received the support and help it is receiving at the present time. We are confident that under the leadership of our present Prime Minister we can go forward as part of a united nation and so fulfil our course and our national development program.

Mr. Speaker: Order. It being 8.15 o'clock p.m. it is my duty, pursuant to section 4(d) of standing order 56 as provisionally amended, to interrupt these proceedings and to put forthwith the question on any amendment before the house.

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

YEAS

Messrs:

Argue	Fisher
Badanai	Forgie
Batten	Garland
Boivin	Godin
Boulanger	Granger
Bourget	Habel
Brassard (Lapointe)	Hellyer
Cardin	Herridge
Caron	Howard
Carter	Leduc
Clermont	Lessard
Crestohl	Loiselle
Denis	Macnaughton
Deschatelets	McIlraith
Dumas	McMillan
Eudes	McWilliam

Martin (Essex East)
Martin (Timmins)
Meunier
Michaud
Mitchell
Nixon
Pearson
Peters
Pickersgill
Pitman
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Robichaud
Rouleau
Tardif
Tucker
Winch—49.

NAYS

Messrs:

Aiken
Aitken, Miss
Allmark
Anderson
Balcer
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Best
Bigg
Bissonnette
Bourbonnais
Bourdages
Brassard (Chicoutimi)
Broome
Browne (St. John's West)
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campeau
Cardiff
Casselman, Mrs.
Cathers
Chambers
Charlton
Chown
Churchill
Coates
Cooper
Creaghan
Crouse
Danforth
Deschambault
Diefenbaker
Dinsdale
Dorion
Doucett
Dubois
English
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flemming (Royal)
Forbes
Fortin
Fulton
Gillet
Grafftey
Grenier
Grills
Gundlock
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hanbidge
Harkness
Hees
Henderson
Hicks
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Johnson
Jones
Jorgenson
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
Lambert
Latour
Legere
Lennard
Macdonnell
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McPhillips
McQuillan
Maloney
Mandziuk
Martel
Martineau
Martini
Matthews
Monteith (Perth)
Monteith (Verdun)
Montgomery
Morissette
Morris
Morton
Muir (Lisgar)
Nasserden
Nielsen
Nowlan
Nugent
O'Hurley
Ormiston
Pallett
Parizeau
Pascoe
Paul
Phillips
Pigeon
Pratt
Rapp
Regnier
Ricard
Richard (Kamouraska)
Robinson
Rogers
Rompre
Rowe
Rynard
Sevigny
Simpson
Skoreyko
Small
Smallwood
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Starr
Stearns
Stewart
Tassé
Taylor
Thomas
Thompson
Thrasher
Tremblay
Villeneuve
Vivian
Walker
Webb
Webster
Weichel
White
Winkler—161.

Hon. George H. Hees (Minister of Commerce): Mr. Speaker, I rise on a question of privilege. I understand that at a quarter to six tonight the hon. member for Essex East rose to make what he seemed to consider the exceptional announcement that the dominion bureau of statistics labour force figures had fallen into his hands sometime this afternoon. He seemed to think, as hon. members of the opposition do these days, that people are trying to deceive them and are saying things about them which are not true. What has happened, I might explain—

Mr. Speaker: Order. The hon. member is not rising on a question of privilege but to make an explanation which, to my mind, is out of order.

Mr. Hees: Mr. Speaker, I should like to explain.

Some hon. Members: Oh, oh.

Mr. Hees: As the minister responsible for the dominion bureau of statistics I might explain how the release came about.

Mr. Speaker: Order. A question of privilege was raised by the hon. member for Essex East. There was a discussion in that regard in which the Minister of Labour took part, but I refused to allow further discussion on the matter and it was closed at that time. Except with the leave of the house, I think the minister would be out of order.

Mr. Hees: Then, Mr. Speaker—

Mr. Pickersgill: There is not unanimous consent.

Mr. Speaker: Order. Has the minister leave to make an explanation?

Some hon. Members: No.

Mr. Hees: Mr. Speaker, if I have not leave to do so then I have a perfect right, as every member of this house has, to rise on a grievance.

Some hon. Members: Hear, hear.

Mr. Speaker: Order. I am sorry, but the minister obtained the floor to raise a

matter of privilege, and in order to state a grievance now, he will have to obtain the floor again.

An hon. Member: We will do it again.

Mr. Speaker: Order. Of course, if the hon. minister had a question of privilege of his own to raise, he would be entitled to rise and raise it; but from what he had said to this point I assumed that it was an explanation concerning the question of privilege raised by the hon. member for Essex East.

Mr. Hees: On a point of order, Mr. Speaker, I believe that I was on my feet before the hon. member—

Some hon. Members: No.

Mr. Pearson: Don't believe the Speaker.

Mr. Speaker: Order. I recognize the hon. member for Parry Sound-Muskoka on a point of order.

Mr. Aiken: Mr. Speaker, I should make it clear that I am rising on a matter of grievance.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Too late.

Mr. Speaker: I am sorry; I have recognized the hon. member for Maisonneuve-Rosemont.

(Translation):

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, yesterday, Canadian papers carried a report which should make this Monday, March 20, 1961 a very gloomy day indeed for all Canadians who want the fundamental rights and liberties of the individual to be respected in Canada, according to natural law, whatever the colour, race, sex and racial origin of the person concerned.

The grievance I want to raise is the unfair treatment meted out in the pathetic case of Mrs. Louis Yuet Sun, a 30-year old Chinese woman whose father is a businessman in Ottawa and who was expelled from this country and separated from her 29-month old son who is Canadian by birth.

I submit, Mr. Speaker, that such a deportation order was contrary to all concepts of natural, moral and common law. I shall not go into details as they are already known to hon. members, but let me just quote a few lines of essential information published in yesterday's Ottawa *Citizen* dated March 20, 1961. I quote:

(Text):

Mrs. Louie who arrived in Canada December 12, 1957, to visit her father, entered Canada on a non-immigrant visa.

[Mr. Speaker.]

Her son was born in Ottawa August 18, 1958, making him a Canadian citizen. Mrs. Louie sought to have herself declared a landed immigrant in order to remain here with her child. Her application was turned down by the immigration department.

Justice J. M. King of the Ontario supreme court twice ruled that "under the natural, moral, common law," Mrs. Louie should not be deported. "Her Canadian citizen son", he said, "is entitled to the loving care of his mother, at least in his tender years."

Justice King's first favourable decision was ruled out on purely technical, procedural grounds by the Ontario appeal court and the Supreme Court of Canada.

Mr. Speaker: Order. I recognize the hon. member for Edmonton West.

Mr. Lambert: Mr. Speaker, I am wondering if Your Honour has considered whether the hon. member is in order in calling into question a decision of the Supreme Court of Canada. I respectfully submit that such is not within the province of hon. members of this house.

Mr. Speaker: I should be glad to hear the hon. member's answer to the point of order which has been taken.

Mr. Deschatelets: Mr. Speaker, I am not questioning the judgment of the Supreme Court of Canada or any court of the land. My grievance is based mainly on the order of deportation which I think should not have been issued in this case. This is the basis of my grievance. I read the report of the supreme court judgment only as a detail of my grievance. It has nothing whatsoever to do—

Mr. Speaker: Order. Perhaps the hon. member would answer the question as to whether or not the order of deportation was confirmed on appeal by the Supreme Court of Canada.

Mr. Deschatelets: There is no doubt that under the Immigration Act no person can be deported without an order of deportation issued by the Minister of Citizenship and Immigration.

Mr. Speaker: I take it that the answer to my question is in the affirmative, and that the Supreme Court of Canada did confirm the order of deportation.

Mr. Deschatelets: Even if the Supreme Court of Canada did confirm the order of deportation, my grievance is based on the discretion of the Minister of Citizenship and Immigration who, I submit, failed to exercise her right of discretion in this case. The minister failed to exercise the humanitarian right which she should have exercised.

Mr. Speaker: I am not satisfied—

Mr. Pickersgill: Mr. Speaker, could I say a word on the point of order?

Mr. Speaker: Yes, but perhaps I might state the problem that is troubling me. The order of the Supreme Court of Canada superseded the action of the minister in making the order of deportation, by confirming it. What is now in question is a decision of the Supreme Court of Canada.

As I understand grievance procedure, it is to raise any matter that is within the jurisdiction and competence of the government of Canada. If it were sought to complain about an order of the minister for deportation with regard to some individual, simpliciter, I can see that would be within the proper scope of discussion at this stage. However, I am doubtful about the matter that has been raised. As the matter now stands, what is in effect involved is the judgment of the Supreme Court of Canada.

Mr. Pickersgill: I understand Your Honour is willing to hear argument on this point. It is true that the Supreme Court of Canada upheld the validity of the deportation order, but a deportation order—and I speak from some experience in this matter, sir—

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Pickersgill: A deportation order may be quashed by the minister at any time, quite as legally after the courts have ruled upon it as before. Notwithstanding the fact that there was a decision of the Supreme Court, that decision did not supersede the order; it merely confirmed the minister's right to exercise an order in this case. But under the law a deportation order may be quashed at any time.

As I understand it, my hon. friend from Maisonneuve-Rosemont is arguing that the hon. lady should have quashed the order and not allowed it to be carried out. It seems to me that is a perfectly proper grievance against the government, and there is no other opportunity for discussing it because the estimates of the hon. lady's department have been disposed of.

Mr. Fulton: Mr. Speaker, my hon. friend seems to have overlooked the judgment of Mr. Justice Norris in the supreme court of British Columbia, in which that learned judge made some rather revealing comments on the point just raised by my hon. friend. The learned judge suggested that the jurisdiction of the minister was limited in a way quite contrary to that suggested by my hon. friend, namely that when the Immigration Act and its provisions make clear what should be the disposition of a certain case, the minister has but very limited authority to interfere with the operation of the act.

As I recall it, my hon. friend used to make fast and loose with the provisions of the Immigration Act, but we are endeavouring to comply with them and with the orders of the courts.

Mr. Deschatelets: The point having been disposed of, Mr. Speaker—

Mr. Speaker: I wonder if the hon. member would mind giving me a minute to consider this matter?

Mr. Deschatelets: This is the last reference I shall be making to the courts. My grievance is based on the racial discrimination which has been used in connection with this matter. From now on I shall not even mention any judgment which might have been given in reference to this case.

Mr. Speaker: I am not satisfied that the hon. member can do what he says he proposes to do. If his grievance is the exercise of discretion by the minister in this particular case then he has to face the fact that what he is criticizing in effect, is a confirmatory judgment of the Supreme Court of Canada which confirms the action taken by the minister. The hon. member for Bonavista-Twillingate makes the point that the minister, notwithstanding the judgment of the supreme court, could consider the matter again and withdraw or quash the deportation order. But that would reduce the grievance to a discussion of a hypothetical case, because that has not been done. It is rather like questioning the exercise of clemency after a decision of the court has been made. I may be wrong about this, but I do not see that the hon. member can raise a grievance against the government which really is based on a decision of the Supreme Court of Canada.

Mr. Pickersgill: May I with the greatest possible respect submit to Your Honour that on many occasions when I was minister of citizenship and immigration criticism of the part played by the government was permitted after cases had been disposed of by the courts; and, indeed, in respect of this very case which my hon. friend is now seeking to discuss Your Honour permitted me only three days ago to ask the hon. lady whether she intended to persist in the deportation of this person. I asked that question because I knew she had a perfect right to quash the order at any time.

I suggest again with the greatest respect that the word "confirm" in this instance is not the correct term. What was argued before the supreme court was whether the minister had the power to make a deportation order which was valid, and the court decided that the minister did have the power to make such an order. But the court did not substitute itself for the minister who has under the

law exclusive responsibility (a) for making the order and (b) for quashing it. Surely it can be just as much a grievance that the minister did not use a discretion which the opposition thinks ought to have been used as it could be argued that the minister did wrong in exercising a power of discretion.

I submit with the greatest deference that it would be an undue restriction of the rights of the opposition and of the historic right of raising grievances if, when a discretion is given by parliament to a particular minister, as it is by the Immigration Act, the way in which that discretion may be exercised, either positively or negatively, cannot in the mind of any hon. member constitute a grievance. That is the issue which I think the hon. member is arguing.

Mr. Speaker: Has the Minister of Justice any comment on the point just made by the hon. member for Bonavista-Twillingate that what, in effect, is under review in the proposed grievance is the initial exercise by the minister of a discretion given by a statute, and that the subsequent proceedings did not replace or alter that initial exercise of discretion which was an administrative act?

Mr. Fulton: Yes, Your Honour. May I say that this discussion comes very close to being a discussion of a point of law in that it involves the question of the authority of the minister under the act. I recall clearly that a recent judgment given by the court of appeal in British Columbia confirmed the judgment of Mr. Justice Norris in a case in the trial court where considerations arose similar to those which are now at issue.

Mr. Justice Norris upheld that when an inquiry is made and a conclusion is reached by a special inquiry officer that a person is not admissible, there is a limit placed upon the discretion of the minister. The Immigration Act lays down certain conditions under which people may be admitted or refused, and the learned judge went so far as to say, if my memory is correct, that where the act speaks clearly the minister has no discretion in such a case. For example, the minister has no power to say, of her own motion: I think there is something about this case which warrants my departing from the provisions of the Immigration Act and therefore I am going to allow this person into Canada notwithstanding the fact that the act says such a person is inadmissible. Mr. Justice Norris stated clearly that the minister has no such discretion, and therefore the first point made by the hon. member for Bonavista-Twillingate is disposed of. The minister has no discretion to make orders of that kind but has to apply the terms of the Immigration Act.

[Mr. Pickersgill.]

Here, apparently, an action was brought in the trial court and taken to the Supreme Court of Canada, alleging that the minister had incorrectly applied the provisions of the act in confirming the order which was made. The result of this action, I submit, in relation to the second branch of the hon. member's second contention, clearly establishes that the minister correctly applied the provisions of the act, so what hon. members opposite are really doing is attacking a judgment of the Supreme Court of Canada. Either they are doing that or they are saying that the minister has authority to override the act itself, which is contrary to the view taken by Mr. Justice Norris. For this reason, if I may say so with propriety, Your Honour's point is perfectly properly taken. What the hon. member is seeking to do here is to bring into question a judgment of the Supreme Court of Canada.

I was looking quickly through Beauchesne's fourth edition and I find that at page 127 it is stated:

> —a member, while speaking, must not: . . .
> (a) cast reflections upon the conduct of judges of superior courts, unless such conduct is based upon a substantive motion;

I think that is all I have to say.

Mr. Pickersgill: May I just say a word in response to the points raised by the Minister of Justice? The point which the Minister of Justice did not deal with, and which is the only relevant one, is whether the minister has or has she not the power to quash this deportation order? Has that power been removed by the supreme court? I say without fear of contradiction that it has not been removed, and I say that, as a former minister who has exercised that power after a decision had been made by the courts.

Mr. Harkness: An ex-minister.

An hon. Member: And broke the law.

Mr. Pickersgill: No, I did not break the law because the law says that a minister may do it. It was not a statute at all that was involved in this case; it was an order in council setting out certain classes of admissible persons. But the real point is whether or not the minister has the power to quash an order. The Minister of Justice has not asserted that he has not that power. With respect to the judgment of the supreme court, this is not in issue. My hon. friend is not seeking to discuss that, and therefore there can be no question of any respect or disrespect for the courts.

Mr. Crestohl: Mr. Speaker, may I offer an opinion on the point of order. Let us assume that the supreme court did quash that deportation order. If it did so, I respectfully submit

that the grievance itself is the fact that the minister did not properly exercise a discretion. Even if the supreme court did quash the order, we still would have had a proper grievance in that the minister did not properly exercise a discretion. I respectfully submit that that is the real basis of the grievance, court or no court.

Mr. Fulton: A court found that she did.

Mr. Crestohl: Did the minister exercise that discretion? If she did not, we have a grievance.

Mr. Speaker: There are two points involved in the discussion as it has developed. The first is that the minister has acted in accordance with an act of this parliament.

Mr. Pickersgill: An order in council.

Mr. Speaker: She has acted in accordance with the Immigration Act, and that has been determined by the Supreme Court of Canada. Now, rightly or wrongly, it does not seem to me that this is a matter which can be proceeded with in the way proposed. I do not want to be unduly restrictive about grievances because the whole realm of public administration is open to the house on grievance procedure. It is my best judgment at the moment, without attempting to limit discussion in the future. Until I have had more opportunity to satisfy myself, I do take that view and I therefore have to ask the hon. member who has the floor not to proceed along the lines which he proposes, namely to discuss the exercise of the discretion confirmed by the Supreme Court of Canada.

Mr. Aiken: I have a grievance.

Mr. Speaker: The hon. member for Maisonneuve-Rosemont has not yet resumed his seat.

(Translation):

Mr. Deschatelets: Mr. Speaker, the whole press of this country is now referring to that matter, and is giving it the importance it deserves. Of course, the object of newspapers is to alert public opinion in a country where political propaganda has been subjecting us, for more than a year, to brainwashing in the field of fundamental rights and freedoms.

When a government is taking attitudes like that taken in the case of Mrs. Louie, it is time, I believe, to stop for a while and examine our conscience.

What is the use of having in our statutes a law on fundamental freedoms and racial equality if, on the other hand, we tolerate treatments like the one imposed on—

(Text):

Mr. Speaker: Will the hon. member indicate to me what he intends to pursue? He, it seems to me, is going directly contrary to the ruling I made.

(Translation):

Mr. Deschatelets: Mr. Speaker, the minister of immigration (Mrs. Fairclough) has her share of responsibility in this matter, but I submit that the Prime Minister (Mr. Diefenbaker)—

Some hon. Members: Order, order.

Mr. Paul Martineau (Pontiac-Temiscamingue): I rise on a point of order, Mr. Speaker. Twice you have ruled that the hon. member could neither discuss this matter nor raise a grievance arising from a decision confirmed by the supreme court. Nevertheless, the hon. member goes on discussing the same grievance.

I respectfully submit that under the orders of this house and under your decision, he is out of order.

(Text):

Mr. Speaker: That is so. I did not interfere with the right of the hon. member who had the floor to exercise his privilege of raising a grievance, but not on the one which I had excluded rightly or wrongly. It appeared to me he was proceeding with the old one. Unless he can move on to an acceptable grievance I will have to ask him to resume his seat.

(Translation):

Mr. Deschatelets: A 29-month old Canadian citizen has just been separated from his mother, despite his natural right.

I say that the minister of immigration—

Some hon. Members: Order, order.

Mr. Deschatelets: I say that the minister of immigration has her share of responsibility in what I regard as an injustice, and I think—

(Text):

Mr. Speaker: There is no doubt that the hon. member has misunderstood me and is proceeding in direct contravention of my ruling. I must ask him to resume his seat.

Mr. Pickersgill: Mr. Speaker, I wish to rise on a grievance and my grievance, sir, is that the government did not see fit by order in council, which it would have the power to do under the Immigration Act—

Some hon. Members: Order.

Mr. Pickersgill: I propose—

Mr. Speaker: Order. I thought the hon. member was rising perhaps in connection with the decision I had made. If he wants to rise on a matter of grievance he will have to take his turn.

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Mr. Pickersgill: On a point of order, sir, surely if my hon. friend from Maisonneuve-Rosemont is not to be allowed to proceed, the right of a member of the opposition to rise on a grievance is being—

Mr. Speaker: The hon. member knows that no point of order can be taken with respect to the right to the floor. I recognize the hon. member for Parry Sound-Muskoka.

Mr. Martin (Essex East): On a point of order, is there not something in what has been suggested? Is it open to a member supporting the government—

Some hon. Members: Order. Sit down.

Mr. Speaker: I take it the hon. member is rising on a point of order. I think he is entitled to be heard.

Mr. Martin (Essex East): Thank you, Mr. Speaker. Is it open to a member of the government party to rise in the house and raise a grievance against the administration? That is the question. Is it open to a private member supporting the government to rise and raise a grievance against the government?

Some hon. Members: Why not?

Mr. Martin (Essex East): I presume that is what the hon. gentleman is now going to do.

Mr. Aiken: Mr. Speaker, I rose earlier—

Mr. Peters: On a point of order—

Mr. Speaker: The hon. member has not yet said anything. I do not see how a point of order could have arisen. If the hon. member feels he has a point of order, of course I must hear him.

Mr. Peters: I should like to inquire from you whether the previous grievance has been disposed of? If so, is it possible to speak on the same grievance?

Mr. Speaker: No proper previous grievance has been advanced tonight in accordance with my view expressed when the hon. member for Maisonneuve-Rosemont had the floor.

DOMINION BUREAU OF STATISTICS DOCUMENT

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, when I rose earlier I said it was my definite intention to raise a matter of grievance and I feel I am now merely taking my place in the order of debate. My grievance is that at 5.45 p.m. this afternoon the hon. member for Essex East (Mr. Martin) rose in his place and indicated to the house that he had an advance copy of a dominion bureau of statistics document not to be released until 8.00 a.m. tomorrow. As far as I know, Mr. Speaker, no other member of the house had this release in his possession at that time and as far as I know no other member of the house yet has a copy of this release. If this D.B.S. release had been given in advance to the Leader of the Opposition—

Mr. Pearson: Mr. Speaker, I rise on a point of order.

Mr. Walker: Sit down.

Mr. Pearson: Mr. Speaker, is it in accordance with our rules for a member on the government side to raise a grievance against the opposition?

Mr. Speaker: All hon. members of parliament are entitled to raise grievances against the ministry and from that point of view there is no such a thing as a party, an opposition or a government. There is just a ministry and members of parliament. I am not sure that a minister could raise a grievance against the government but apart from that it is a basic privilege of parliament to withhold supply until its objections, comments or grievances having to do with the public administration have been satisfied.

Mr. Aiken: If there is a grievance, Mr. Speaker, I think it is against the government or someone within the government service. I want to know how a government publication prepared by the dominion bureau of statistics under the authority of the Minister of Trade and Commerce came into the hands of the hon. member for Essex East before it should have done so. That is my grievance. I was about to say when the Leader of the Opposition (Mr. Pearson) rose that if this advance copy had been given to the Leader of the Opposition I would think there would be no objection. I understand, however, that the release came into the hands of the hon. member for Essex East. If he is taking the place of the Leader of the Opposition for such a purpose, there again I have no objection. However, he is a private member of the house, the same as most of us are, despite the fact that he was a member of the former government. I feel that this is a matter of grievance and one that should be explained. How did one hon. member of the house come into possession of a document which is not to be released until tomorrow morning when no other member has it?

Mr. Martin (Essex East): He is wide awake. That is why.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wish to speak on the same grievance.

Mr. Hees: Mr. Speaker, I have a right to answer the grievance.

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Mr. Pickersgill: I think it is customary to recognize the opposition.

Mr. Speaker: Order. I think the hon. member for Bonavista-Twillingate wishes to speak on the same grievance.

Mr. Pickersgill: That is right. I can explain to the hon. member for Parry Sound-Muskoka (Mr. Aiken) without much difficulty the problem with respect to which he wants an explanation.

Mr. Aiken: On a point of order, Mr. Speaker, I do not want the answer from the hon. member.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. One thing is clear. The hon. member for Parry Sound-Muskoka can only speak once on his grievance.

Mr. Hees: Mr. Speaker, I rose to answer the grievance.

Mr. Pickersgill: Perhaps the minister will resume his seat.

Mr. Speaker: The minister will have to take his turn. I have recognized the hon. member for Bonavista-Twillingate.

Mr. Pickersgill: I might explain how this came about.

Mr. Churchill: State your grievance.

Mr. Pickersgill: This is just preliminary to stating my grievance. I will explain how this document came into the hands of the hon. member for Essex East (Mr. Martin). It came into his hands from my hands—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —and I will also explain precisely how it came into my hands. I went up to my room to make a telephone call about five o'clock and this document was lying on my desk.

Some hon. Members: Oh, oh.

Mr. Pearson: Delivered by the minister's office.

Mr. Pickersgill: I asked my secretary how it had got there and she said it was brought in by a messenger from the Department of Trade and Commerce, from which I could only conclude that the Minister of Trade and Commerce (Mr. Hees) had "boobed" again, and that does seem to have been the fact.

But the real grievance, of course, is not that. There is no evidence as to when this document was printed but it was certainly printed by today and nobody can deny that. The real grievance is why it was rubber-stamped with words saying that it was not to be released until tomorrow morning, although there is nothing confidential in it whatsoever. It is information prepared for publication and yet it was stamped that it was not to be released until 8 a.m. tomorrow at which time the debate in which it would have been relevant would be over. That is the grievance. If this document had been delivered to the hon. member for Essex East in the house at the time it was delivered to my office he would have had it to use in any way he wished in the debate as he was entitled to do.

This is simply further evidence of the way in which the government is determined, in every possible manner, to keep information away from the opposition and prevent its use in debate in the house. The plain fact is that the moment this document was printed, the moment this information was available, it should have been made available to hon. members who had been asking for it for days and who had a suspicion, which appears more and more clearly to have been justified, that it was deliberately held up because of the Tory convention. It would have been a kind of fly in that ointment, though it was pretty poor ointment anyway.

I say, sir, that nobody had any warrant for rubber-stamping this document in this way. If the minister's officials did it without his consent, it just shows how little attention he pays to his department; but if, as we are entitled to assume since he is responsible for his department, it was done with his consent and approval it shows the minister's attitude to parliament. It betrays that teenage mentality with respect to which the minister is such an authority.

An hon. Member: Very weak.

Another hon. Member: Forget the personalities.

Mr. Pickersgill: I am very grateful to the hon. member for Parry Sound-Muskoka for having raised this grievance, which is of a type which it is not usual for Tory backbenchers to raise. We are grateful that there was one member on the government side sufficiently independent, sufficiently anxious to uphold the rights of parliament, sufficiently concerned about our liberties, and sufficiently concerned about the responsibility of the executive to parliament, to bring this matter before us.

Mr. Fulton: Why did you try so hard to stop him?

Mr. Pickersgill: We have noted this teenage, arbitrary attitude to parliament; the attitude that it does not matter about parliament; the groaning, jeering and giggling about these things. These are the things for which the Minister of Trade and Commerce is so famous in the house. As to his actions outside the house, I am really sorry I do not have the

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clipping at hand which contains a wonderful account of a speech by the hon. gentleman with the story being headed, "Kiss 'em Hees". That is, of course, a new kind of politics in this country—

Mr. Walker: How silly can you get?

Mr. Pickersgill: —the osculatory salesman of the "bill of goods." I suppose that is what they call those teenage years before maturity.

Mr. Hees: You should know. You never got out of them.

Mr. Pearson: Political puberty.

Mr. Pickersgill: It seems to me, sir, that if it is impossible for the Minister of Trade and Commerce to avoid these constantly repeated "boobs", if it is impossible for him to show that respect for parliament to which parliament is entitled, then it is about time the minister took himself off to some more appropriate field for teenagers and left a man's job to a man.

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, having seen this latest performance I think we will all agree that vaudeville lost a great performer when the hon. member for Bonavista-Twillingate (Mr. Pickersgill) decided to go into politics.

Mr. Pearson: It still has one.

Mr. Hees: These days, Mr. Speaker, the opposition will do anything for sensationalism. I understand that the hon. member for Essex East (Mr. Martin) rose at a quarter to six tonight and, in his usual flamboyant, dramatic style, accused the Minister of Labour (Mr. Starr) of somehow deceiving the house or doing some terrible thing that was aimed at the dignity of parliament. I should like to explain exactly what happened in this case. A certain procedure was initiated by the late Right Hon. C. D. Howe when he was minister of trade and commerce, and this procedure has been followed since. The dominion bureau of statistics, which comes under the jurisdiction of the Minister of Trade and Commerce, prints two documents. The first document is a joint release by the dominion bureau of statistics and the Department of Labour, and the second is a document produced by the dominion bureau of statistics entitled, "The Labour Force Survey".

On the day before these documents are released to the press, to the Leader of the Opposition (Mr. Pearson) and to the Prime Minister (Mr. Diefenbaker), I am advised by the dominion statistician they are delivered, as they have been in the years since the Right Hon. C. D. Howe was minister, on the regular delivery at 4.30 in the afternoon—

[Mr. Pickersgill.]

Mr. Pearson: Never.

Mr. Hees: —of the day before the release is made. Then, I understand these documents are delivered from the dominion bureau of statistics on the eight o'clock delivery to the press gallery, to the Canadian Press, to the Leader of the Opposition and to the Prime Minister. This is the normal procedure.

Today, by mistake, a messenger brought these documents, I am advised by the assistant dominion statistician, on the 4.30 delivery and delivered them to those to whom they would be delivered normally at eight o'clock tomorrow morning. This was a mistake made by an employee of the dominion bureau of statistics. All people sometimes make mistakes. Of course, it is difficult for the members of the opposition to understand how people can make mistakes. I understand from the members of the opposition that they never do make them. People are human. This messenger made a mistake today, and he would be the first to admit it. He brought these documents by mistake and delivered them to the regular list of people to whom he would normally bring them at eight o'clock tomorrow morning.

There was no attempt to deceive parliament. There was no attempt to fool anybody. There was no attempt on the part of anybody to commit some horrible crime—

Mr. Martin (Essex East): They were still withheld from parliament.

Mr. Hees: —as the hon. member for Essex East tried to intimate. The Minister of Labour, as always, did exactly what was correct. He said that these documents would be produced soon. They were normally going to be produced tomorrow morning in the regular way, just as the Right Hon. C. D. Howe did and as all ministers of trade and commerce have done in the intervening years. Just what is so extraordinary about this is rather difficult to understand. Once again, Mr. Speaker, we have heard the hon. member for Essex East, the hon. member for Bonavista-Twillingate and the Leader of the Opposition, trying to make something out of nothing. This time their effort did not go over any better than it has gone over on many occasions before.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker—

Mr. Speaker: Is the Leader of the Opposition speaking on the same grievance?

Mr. Pearson: Yes. I am speaking on the same grievance as that which the hon. member for Parry Sound-Muskoka (Mr. Aiken) was good enough to bring to the attention—

Mr. Speaker: I am sorry, but I am afraid the Leader of the Opposition has already spoken in this debate and is precluded from speaking again. He was the first member to speak on the motion and he cannot have the floor twice.

Mr. Pearson: On the point of order, Mr. Speaker, may I say that perhaps you will recall during last session or the session before I moved an amendment to the supply motion and then spoke on a grievance which concerned uranium production and Elliot Lake. I believe at that time is was quite in order for me to speak on a grievance after the amendment had been disposed of.

Mr. Speaker: I do not recall the incident to which the Leader of the Opposition refers. There is no doubt at all that under the practice a member cannot speak twice. The hon. Leader of the Opposition did make his first intervention in moving the amendment and for my authority on this point I refer to Beauchesne, citation 204.

Hon. Paul Martin (Essex East): I am sure that the house listened with—

Mr. Hees: The hon. member has already spoken.

Mr. Martin (Essex East): I did not speak on the motion; I spoke on the amendment. I should be glad to give the Minister of Trade and Commerce (Mr. Hees) a private lesson in house procedure sometime, but not at the moment. I am sure we are all very grateful to the Minister of Trade and Commerce for this very interesting explanation. Of course, it was regrettable that the Minister of Labour (Mr. Starr) did not have this explanation this afternoon.

When I rose on a question of privilege, the Minister of Labour at once suggested that the document had been received by me improperly, and the record of *Hansard* is there to show how serene he was when he made these charges. It is rather interesting that, as a member of the government, he would not have been aware of the procedures which the Minister of Trade and Commerce so objectively pointed out a few moments ago.

Mr. Pearson: All a mistake.

Mr. Starr: You were not on the list.

Mr. Martin (Essex East): It is interesting to note that the document was delivered to the Leader of the Opposition (Mr. Pearson) and the hon. member for Bonavista-Twillingate (Mr. Pickersgill). I have no less an interest in unemployment than they have, but it was not delivered to me.

An hon. Member: A real grievance.

Mr. Walker: You are passe.

Bureau of Statistics Document

Mr. Martin (Essex East): The Minister of Public Works (Mr. Walker), who has become an authority on these matters, whose witticisms we greatly appreciate, gives evidence of his political maturity. His sophistication endears him to everyone in this house, as well as his great maturity and understanding of the problems of government, housing, parliamentary practice and, if I may say so, his ordinary civility.

Mr. Walker: What about sewage disposal?

Mr. Martin (Essex East): Then, turning to the Minister of Trade and Commerce, may I say that this document is something for which he has a joint responsibility with the Minister of Labour. This is a document that is issued by the dominion bureau of statistics under the authority of the Minister of Trade and Commerce but in connection with which the Minister of Labour has a more knowledgeable and, I may say, authoritative sponsorship. The fact is that today the hon. member for Skeena (Mr. Howard) asked the Minister of Labour when these new figures on unemployment would be revealed. It would seem that on the second day of a debate which was initiated by the Leader of the Opposition and which encompassed the question of unemployment, the Minister of Labour could easily have replied, if this government was one that was willing to give information, that these statistics will be given out today.

The Minister of Labour knew that as did the Minister of Trade and Commerce and every other minister sitting before us as well as the Prime Minister (Mr. Diefenbaker). It would have been proper, at a time when we were discussing a motion to go into supply on unemployment, for the government to advise the hon. members of the house that those figures were available and that they were going to be presented tomorrow. But no, this government would not do that. This government withheld this document from parliament at a time when we were discussing unemployment.

Mr. Hees: Do not take yourself too seriously.

Mr. Martin (Essex East): My hon. friend says "Do not take yourself too seriously". Let me tell my hon. friend that after his exhibition of Friday no one takes him very seriously.

The regrettable fact is that when this document finally is revealed to the Canadian public we realize that unemployment in Canada—

Mr. Speaker: Order. The hon. gentleman should not take advantage of the grievance that is before the house to go into some other matter.

Mr. Martin (Essex East): I thank you, Mr. Speaker. It was only the presence of the Minister of Trade and Commerce that, for the moment, excited me. The fact is we are grateful to the minister for telling us what happened, and we understand how a messenger in the minister's department could make this mistake. It is regrettable, however, that the government knew this information was in its possession but did not make it known today so that this matter of the present statistics could have been before us as we discussed the most challenging problem which this government faces and which it ignores.

UNEMPLOYMENT INSURANCE BENEFITS

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I wish to raise a grievance which is different from those which have been raised so far. My grievance has to do with the application of the regulations of the Unemployment Insurance Act as it concerns individual workers. During the winter months for a number of years it has been the practice of the government through the Department of Labour to advertise the slogan "Do It Now". This practice has invited the general public to have certain jobs done during winter months when labour is available. In the majority of cases this work consists of repairs or interior alterations to homes. I realize that the government is concerned about the situation of the unemployment insurance fund and that it is taking every means possible to protect that fund. I also realize that there have been abuses in this regard and suggest that those abuses should be stopped but feel that they should not be stopped in a way detrimental to those individual workers who, when out of work, have a right to receive unemployment insurance benefits, because they have been working on jobs which qualify them for such benefits.

I have in mind certain carpenters who have been employed for week after week on jobs of this particular kind. I know of a case involving a carpenter who was employed for a period of 14 weeks practically re-building a house. He was carrying out this construction with the assistance of two other carpenters. That man was disqualified under the regulations of the Unemployment Insurance Act because there was no supervisor in attendance at the time he performed this work.

I would suggest that in my own area most winter work involves repair jobs of this type, done by individual carpenters working on their own. I suggest that the owner of the property purchases all the material—such as lumber, paint and nails—which is needed for the job, and then hires an individual carpenter to do it. If the man is not supervised by a contractor he is denied unemployment insurance benefits.

I suggest that this government, which claims to have introduced the bill of rights in order to protect the rights of individuals in this country, is not giving to those workers the protection which they are entitled to receive. As an example of this, I must say that I know of an individual employed driving a truck for an oil company. This man required certain repairs to his house and he hired a carpenter to make these repairs over a period of six weeks. That carpenter was denied the benefits of unemployment insurance and the privilege of having unemployment insurance stamps posted in his book covering the period of six weeks because the owner of the house, working for this oil company, did not leave his job to stay alongside the carpenter to supervise him. I would suggest that this is nothing else but gross injustice and discrimination.

I will cite another example, and I might say that I have at least one hundred of them which have been brought to my attention by my constituents in the county of Gloucester. A man whose family lived in New Brunswick was working in the province of Ontario. He decided to follow the suggestion of this government regarding winter work by building a new house. When the house was nearly completed he took one week's vacation and returned to New Brunswick to inspect the work which had been done. He realized that the house needed to be painted and that a porch should be added. He accompanied his father to the unemployment insurance office to make sure that if his father did this job at the fixed rate of pay he would qualify for unemployment insurance stamps. With the assurance that he would do so, he returned to his job in Ontario. A few months later when the work was completed his father who was out of work applied for unemployment insurance benefits but was denied those benefits and the six-week period of contribution was withdrawn from his unemployment insurance book because the owner of the house had not remained to supervise the work which was done.

Mr. Brunsden: I rise on a point of order, Mr. Speaker. The hon. member is presumably speaking on a grievance. He has been building houses but he has not finished them, and I respectfully submit that he is out of order.

Mr. Robichaud: On the point of order, Mr. Speaker, I have been citing typical examples of workers in this country doing jobs which

would normally qualify them for unemployment insurance benefits but who are being deprived of those benefits, and I have given the reason. I suggest that an injustice is being done by the unemployment insurance commission. I have presented this grievance and related several typical examples to support it, and for that reason I submit I am perfectly in order.

I would relate one more example of this type of injustice which involves a widow who decided last summer to build a new home. She hired three carpenters to do the work. They were employed for a period of 14 weeks but again the carpenter in charge was refused unemployment insurance benefits on the ground he had performed the work without supervision. I suggest this is a further example of injustice.

I suggest that the regulations of the Unemployment Insurance Act have been applied during the last eight or ten months, following the realization by the government that the unemployment insurance fund was being depleted, in an effort to protect this fund. Since that time hundreds and hundreds of cases similar to the one I have brought to the attention of the house have occurred in my own constituency of Gloucester.

I agree that abuses must be stopped. I admit that there have been abuses. However, the method employed to stop these abuses should not be to the detriment of those workers who are doing the type of work which would normally qualify them to receive unemployment insurance benefits. If this principle is to be maintained, it means that these workers will be affected. It means that any home owner who wishes some repairs or alternations carried out to his house must go to a contractor and pay the extra cost incurred in having the job supervised.

Is this consistent with the "Do It Now" program which the government is sponsoring at this time? Is it consistent with that program that people who have been doing this type of work for years, who have families to support and who have been depending upon unemployment insurance benefits during a certain period of the winter months, are now to be deprived of this privilege? This applies with even greater force to those who work in the summer months at a period of time when there is more employment. They may be employed for a period of 14 weeks or more, as in the case I mentioned, and in the winter, when there is no work to be found, they go to the unemployment insurance office and are denied these benefits. They then have to obtain social assistance in order to provide for their families.

I urge the minister to take the necessary steps to amend the act or the regulations where necessary in order to protect these workers who are doing exactly the type of work which the government is sponsoring in the "Do It Now" program.

Mr. H. J. Michaud (Kent, N.B.): Mr. Speaker, I wish to endorse everything that the hon. member for Gloucester (Mr. Robichaud) has said and I would enlarge further on the same matter. These hardships are being forced upon the so-called casual labourers, but I think there are also other aspects of this matter which illustrate another discrepancy in the implementation of the law as it is being applied today. I refer to the farmers of this country and the law as it is applied to them.

I know of cases last summer where farmers hired casual workers to carry out some repair work on their buildings or to have new barns built. In years past these casual labourers enjoyed the benefits of unemployment insurance. Last season, however, these workers applied for unemployment insurance and were denied these benefits. My question is this. What will happen to the farmers of the country if they are not allowed to secure the services of these casual carpenters and labourers?

It is bad enough that farmers should now be penalized by not enjoying the benefits of unemployment insurance for the hired help which they need on their farms. However, they are going to be further penalized by being unable to hire carpenters to do the work that must be done on their farms. I say that this situation is very serious indeed.

There is another interpretation of this measure which works against the farming population of the country. I refer to those people who volunteer to stay within the community in order to perform this kind of work and who will not in the future be permitted to do so. I think this will mean a serious blow to the social structure of rural communities. These people will now be forced to leave this field of activity; they will have to abandon this type of casual work, which is essential to the social structure of the community. These workers will have to hire out their services to registered contractors, and such contractors do not exist in rural communities.

I wish again to emphasize that the situation will simply play havoc in the organization of rural communities. Therefore I endorse what has been said by the hon. member for Gloucester. I also wish to mention another aspect of this matter which concerns those people who are being disqualified. Mr. Speaker, I do not know whether I am in order. I ask for your guidance in this matter.

Mr. Speaker: The hon. member is entitled to discuss only the one grievance which has been raised.

Unemployment Insurance Benefits

Mr. W. L. M. Creaghan (Westmorland): Mr. Speaker, in connection with the grievance raised by the hon. member for Gloucester (Mr. Robichaud) I should like to make a few comments. As my constituency is very close to the constituencies of the two hon. members from eastern New Brunswick who spoke previously, I think it is only proper for me to try to give some explanation in order that there will be no misunderstanding regarding what is actually taking place.

From time to time, of course, very grave injustices are committed in the administration of the unemployment insurance fund. I receive complaints in this connection, as does every hon. member of the house, but when these complaints are investigated, quite often it is found they are not entirely justified.

A great many of the workmen involved are related by blood or marriage to the property owners in question. Invariably there is no relationship of master and servant, no contract of employment, and no fixed hourly or weekly wage, or alternatively there are no fixed working hours even on a daily rate. Supervision is not necessarily all-important. There must be a contract, expressed or implied, of servant and master or employee and employer.

The same situation is found in eastern New Brunswick as is found in many other sections of the country concerning the operation of highway trucks. In some cases the driver is the owner of the vehicle but the vehicle has been reregistered in the name of an uncle, aunt, father or mother. The driver attempts to become an employee when in fact the contractor's cheque goes to him and then in many cases is turned over to a finance company.

Mr. Speaker, those are my comments in reference to the grievance which has been raised. I would emphasize that mistakes do occur. Fortunately these mistakes are not too numerous, but we members of parliament, particularly members of the opposition, take advantage of any irregularity and in some cases are not entirely justified.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to very briefly endorse the plea made by the hon. member for Gloucester (Mr. Robichaud). In support of his plea for a change in the regulations concerning the unemployment insurance administration I think he gave some excellent illustrations. I could give similar illustrations from my experience in my own constituency, but I shall not take up the time of the house by doing so now because possibly some other members may have a word to say on this grievance. I do wish to join, however, with other members who have spoken in urging the minister to give favourable consideration to these representations. The grievance advanced by the hon. member for Gloucester was supported by what in my opinion was excellent evidence from his own constituency, and similar evidence could, I believe, be obtained from other constituencies all across Canada.

Mr. C. W. Carter (Burin-Burgeo): I want to support the representations made by the hon. member for Gloucester (Mr. Robichaud) and the hon. member for Kent (Mr. Michaud). The way in which certain sections of the Unemployment Insurance Act are being interpreted seems to be much more rigid at the present time than it was formerly and as a result, as several hon. members have pointed out, hardship is being caused to tradesmen in small rural communities.

The hon. member for Gloucester illustrated his point by giving details of a number of cases and I want to tell the house that exactly the same position arises in my own province. A number of cases have been brought to my attention from the smaller communities in my own riding where circumstances have arisen identical to those described by the hon. member for Gloucester.

There also seems to be some difference in the interpretation of what constitutes a contract of service. The hon. member who has just resumed his seat pointed out that if a man who owns a truck employs his son to drive that truck, the son is not entitled to insurance stamps. If the owner of the truck wishes to hire it to another he has to put in a driver other than a member of his own family if the driver is to be able to qualify for unemployment benefit. In my area there are many small shopkeepers who have to operate trucks in connection with their businesses, to bring freight from the public wharves or to deliver purchases to homes some distance from their stores. These shopkeepers, too, are not able to employ their children for these services unless those children are to be deprived of the benefit of insurance. It seems very strange to these people that they should have to give jobs to strangers rather than to their own sons and daughters if the right to collect stamps is to be preserved.

Returning to the question of the contract of service I may perhaps speak from my own experience. As hon. members know, most of my riding is a coastal region and in order to get about it I have to use a boat. The most economical way of providing boat transportation is to own a boat. Last fall I had to make a decision to have done to my boat some fairly extensive repairs which would provide at least two months' work for two carpenters. However, I was not able

to have this work done because I was not in a position to give stamps to the men while they were so employed. I took the trouble to discuss this problem with the officials of the unemployment insurance commission in the local office at St. John's. I thought I could get around the difficulty. It was clear that I could not be on the spot to supervise the work, but I thought it might be possible to employ an agent to do that on my behalf and to put the stamps in these men's books. After some deliberation and I believe, consultation with the head office in Ottawa I was told that an arrangement of this kind could not be allowed. On that account eight months' work for some carpenter has been lost and I, for my part, have been unable to get work done which is of importance to me.

It does not seem sensible to put on a big drive to encourage people to employ men during the winter months on odd jobs, and to pay such great attention to a winter works program, and then to say: these people cannot be employed and collect stamps unless you are prepared to give up your job and watch what they are doing. It seems to me that a situation of that sort is illogical and I hope the minister will do something about it at the earliest date.

Mr. MacInnis: Would the hon. member permit a question? The hon. member has just made mention of men working on his boat and the difficulty experienced if workers are unable to get stamps. Is the hon. member implying that people are turning down offers of work in Newfoundland because they are not qualified for unemployment insurance on the particular job offered to them?

Mr. Pickersgill: Say, no.

Mr. Carter: No.

Mr. Speaker: It being ten o'clock it is my duty, pursuant to section 3 (f) of standing order 26 as provisionally amended, to interrupt these proceedings and forthwith put the question on the motion now before the house.

Motion agreed to and the house went into committee, Mr. Flynn in the chair.

The estimates of the following departments were first taken up and entered for consideration.

DEPARTMENT OF FISHERIES

131. Departmental administration, $473,500.

DEPARTMENT OF NATIONAL REVENUE

272. General administration, $5,278,399.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

279. Departmental administration, including Canada's share of the expenses of the "Resources for Tomorrow" conference, $1,105,390.

Proceedings reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I take it there is no change in the program for the rest of the week.

Mr. Churchill: No change. I should just like to point out that while we shall be dealing with interim supply tomorrow, that will be followed immediately by the supplementary estimates. The house might consider it wise to pass interim supply with dispatch and then carry on to deal with supplementary estimates.

Mr. Pickersgill: I appreciate the advice.

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

HOUSE OF COMMONS

Wednesday, March 22, 1961

The house met at 2.30 p.m.

BANKING AND COMMERCE

Third and fourth reports of standing committee on banking and commerce—Mr. Cathers.

FISHERIES

PROVISIONS RESPECTING POWERS OF FISHERIES OFFICERS

Mr. C. W. Carter (Burin-Burgeo) moved for leave to introduce Bill No. C-76, respecting fisheries.

Some hon. Members: Explain.

Mr. Carter: Mr. Speaker, the purpose of this bill is to revise the Fisheries Act to bring it into conformity with the Canadian bill of rights and in accordance with the report to be tabled by the Minister of Justice under standing order No. 40, as required by the Canadian bill of rights regulations.

More specifically, the purpose is to determine whether the clauses which empower a fisheries officer (1) to accuse a person of violating fisheries laws, (2) to adjudicate on that person's guilt or innocence, (3) to confiscate without a hearing the property of persons, boats, fishing gear and fish, and which deny an appeal to the courts or to the Minister of Fisheries for restitution of the confiscated property if the confiscation is not coupled with a criminal charge, are consistent with the Canadian bill of rights.

Motion agreed to and bill read the first time.

STARRED QUESTIONS

FEDERAL CONTRACTS, S.K.F. COMPANY, SCARBOROUGH

Question No. 191—**Mr. Argue:**

What is the value of contracts let to Canadian S.K.F. Company, Scarborough, Ontario, by (a) Department of National Defence (b) Department of Defence Production (c) Department of Fisheries (d) Department of Forestry, for the following years (i) 1957 (ii) 1958 (iii) 1959 (iv) 1960?

Hon. Leon Balcer (Acting Secretary of State): Mr. Speaker, the answer to this question is as follows.

The Department of National Defence lets contracts of this order only through the Department of Defence Production. Neither the Department of Fisheries nor the Department of Forestry let any contracts to the firm in question during the period under review. It is therefore appropriate to report only as to part (b) of the question, which relates to the Department of Defence Production.

The answer to (b), then, in tabulated form is as follows:

1957	$12,471.64
1958	7,287.04
1959	6,576.28
1960	7,054.36

INCOME TAX RETURNS, JACK DIAMOND, VANCOUVER

Question No. 193—**Mr. Howard:**

1. Since January 1, 1957, has a Mr. Jack Diamond of Vancouver, British Columbia, either in his capacity as an individual or as an associate with Pacific Meat Company Limited, Vancouver, British Columbia, completed and mailed or delivered any return of income as required by the Income Tax Act, and, if so, for which years?

2. Have any of the said returns been processed by the Department of National Revenue, and, if so, was it discovered that there was any wilful evasion or attempt at evasion to pay the proper tax payable by him, and, if so, what are the details of any such evasion or attempted evasion so discovered?

3. If the answer to question No. 2 is yes, was any action taken to (a) impose penalties and, if so, what were they, and (b) prosecute and, if so, what is the result of the prosecution?

4. Has the said Mr. Jack Diamond discussed the matter of his income tax returns with any cabinet minister, and, if so, what was the gist of those discussions, and the results thereof?

Hon. George C. Nowlan (Minister of National Revenue): To answer part 1 would involve a disclosure which would violate the secrecy provisions of section 133 of the Income Tax Act. The answers to parts 2, 3, and 4 are the same as above.

ADDRESS ON NUCLEAR WAR SURVIVAL BY MAJOR W. J. P. STYLES

Question No. 197—**Mr. Argue:**

1. Is Major W. J. P. Styles nuclear staff officer at headquarters, Saskatchewan area?

2. Did he recently address the Knox Metropolitan United Church men's club in Regina on "Survival in a nuclear war"?

3. If so, did he (a) discount the chemical and genetic effects on the human organism of strontium 90, carbon 14, iodine 131, and other products of nuclear explosions as unproven? (b) dismiss the possibility of intercontinental contamination of the atmosphere as a novelist's dream? (c) deny the correlation between strontium 90 intake and leukemia and bone cancer?

Starred Questions

Mr. Egan Chambers (Parliamentary Secretary to the Minister of National Defence): Mr. Speaker, the answer to this question is as follows:

1. Yes.

2. Yes.

3. (a) While not discounting these effects, he pointed out in an answer to a question that reports on this subject by various scientists differed to a great extent.

(b) To a further question relating to a recent novel by the late Nevil Shute, the officer pointed out that there were a number of important technical inaccuracies in this book.

(c) No.

NORTHUMBERLAND STRAIT—MODEL STUDY

Question No. 198—**Mr. McWilliam:**

1. Has the national research council undertaken a model study of a proposed crossing of the Northumberland strait?
2. If so, when will it be completed?
3. If completed, what is the result of the model study?

Hon. D. J. Walker (Minister of Public Works): 1. Yes, a study of a cross-section of a model of the proposed causeway has been undertaken.

2. It is not possible yet to say when the study will be completed because this depends on information gathered as the study proceeds.

The answer to part 3 is, not applicable.

WAVE MEASUREMENTS, NORTHUMBERLAND STRAIT

Question No. 199—**Mr. McWilliam:**

1. Were wave measurements in Northumberland strait undertaken at the critical fall storm season in 1960 by the national research council?
2. If so, what is the result of the measurements?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, the answer to this question is as follows:

1. No.

2. Answered by No. 1.

NORTHUMBERLAND CAUSEWAY SURVEY COST

Question No. 200—**Mr. McWilliam:**

What is the total amount of money spent on the Northumberland causeway survey to date?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, the total amount spent in this regard to date is $502,833.38.

INDIAN AFFAIRS—FISHERIES CATCH IN NORTHWESTERN ONTARIO

Question No. 204—**Mr. Winch:**

1. Has the attention of the Minister of Citizenship and Immigration, or officials of the Indian affairs branch, been drawn to a report in *Time*

[Mr. Argue.]

magazine of February 24, 1961, that a Mr. Orville James Wieben of Armstrong Fisheries Limited is reported to have said on his freshly-completed mission to Toronto, Ottawa, and New York that he had just sewed up his biggest deal?

2. Is it correct that this company buys the catch of the Ojibway Indians who fish northwest Ontario lakes?

3. Has the Indian affairs branch any information to the effect that Orville James Wieben lobbied through Ontario agencies a measure increasing the maximum allowable yearly catch in the lakes to two million pounds?

4. Was the Indian affairs branch consulted in this matter?

5. Has the Indian affairs branch signed any agreement or entered into negotiations with Orville James Wieben or Armstrong Fisheries Limited relative to this matter as it affects the native Indian fishermen?

6. If the answer to No. 5 is "yes", what are the details of the agreement and/or negotiations?

7. What provisions were made on past fish catches and processing, or contemplated on future ones, to protect the interest of the Indians to see that they get a fair deal?

8. Are any plans under way by the economic planning division of the Indian affairs branch to establish policies that will result in catches by the Indians in northern Ontario lakes being frozen and processed at the lakes; and a system to sell, arranged to guarantee to the Indians the highest possible financial return?

9. If the answer to No. 8 is "yes", can the minister give information as to these proposals?

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): Mr. Speaker, the answers to parts 1 to 9 of this question are as follows:

1. Yes.

2. The bulk of the catch is handled through the Indian affairs branch and sold on a tender basis. I am informed that Mr. Wieben does purchase fish from individual Indians on a small scale.

3. No.

4. Answered by 3.

5. No.

6. Not applicable.

7. The production is sold by sealed tender to the highest bidder, subject to confirmation by the Indian fishermen.

8. Yes.

9. Not at this time.

SMALL BUSINESS LOANS

Question No. 205—**Mr. Racine:**

1. Pursuant to subsection (1) of section 19 of the Small Businesses Loans Act, have the banks prepared a report on the loans made from January 19 to January 31, 1961, inclusive?

2. If so, how many loans have been made, and what is the total amount of such loans?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, as lending under the new statute began only in the late days of January the figures for that month are not

significant. May I suggest to the hon. member that he might consider changing "January 31" in his question to "February 28". I expect to have the figures to February 28 next week.

Mr. Speaker: The hon. member is not in his seat, so perhaps the question might stand.

Mr. Fleming (Eglinton): Perhaps it might be best to drop it and let the member rephrase it. I have made a suggestion which I think would be helpful to bring out useful information.

Order discharged and question dropped.

LAY-OFFS, ORDNANCE DEPOT, MONTREAL

Question No. 206—**Mr. Deschatelets:**

1. How many employees, civil or military, have been laid off since August 10, 1960, at the ordnance depot in Montreal?
2. Of those laid-off employees, how many have been rehired since that date?

Hon. Pierre Sevigny (Associate Minister of National Defence): Mr. Speaker, the answer to parts 1 and 2 of this question is as follows:

1. Forty-one civilian employees.
2. Eight.

PORTAGE LA PRAIRIE, MAN.—WITHDRAWAL OF R.C.M.P.

Question No. 207—**Mr. Benidickson:**

1. Has the Minister of Justice since replying to question No. 124 (*Hansard* February 15, 1961, page 2065) made a reply to a letter received from the mayor of Portage la Prairie, Manitoba, requesting information as to the minister's policy relating to possible withdrawal of R.C.M.P. forces from Portage la Prairie?
2. If so, what did the minister's reply indicate?
3. If the letter is still ignored, why?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the answer to part 1 is yes.

The answer to part 2 is that after a careful review of the situation, including consideration of the representations of a large number of citizens who desire the R.C.M.P. to remain, it has been decided to renew the contract which expires May 31, 1961.

The answer to part 3 is, not applicable in view of the answer to part 2.

C.N.R.—COMPARATIVE WAGE RATE STUDY

Question No. 208—**Mr. Fisher:**

1. Did the Canadian National Railways commission a study of the relationship existing between railway wage rates and wage rates in other fields of employment?
2. If so, to whom was the assignment given, on what date, and for what target date?
3. What use, if any, was made of this study?
4. Has the study become a part of any public record?
5. Are the findings of the study an embodiment at the present time of the C.N.R.'s concept of a wage rate standard?
6. What has been the cost, if any, to the C.N.R. for this study?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the management of Canadian National Railways advise as follows:

1. No, but the six railways, Canadian National Railways, Canadian Pacific Railway Company, Toronto-Hamilton and Buffalo Railway Company, Ontario Northland Railway, Algoma Central and Hudson Bay Railway, Midland Railway Company of Manitoba, making up the joint negotiating committee for collective bargaining with railway non-operating unions, did have a study undertaken.

2. The assignment was given to Woods Gordon and Company in March, 1959 for completion September, 1959.

3. It was used in evidence before the conciliation board under the chairmanship of Mr. Justice J. V. Milvain.

4. Yes. The complete study, as Exhibits R-9 and R-10 is included in the official record of the conciliation board.

5. The study was not made to produce a wage rate standard but to compare wages in industry with non-operating employees' wages in various parts of the country.

6. As indicated in the answer to part 1, the study was undertaken at the request of the six railways making up the joint negotiating committee and the cost of it was borne by the six companies. In the light of this, the Canadian National does not feel free to disclose the cost or apportionment of cost.

STUDENT EMPLOYMENT, JASPER PARK LODGE, 1960

Question No. 209—**Mr. Fisher:**

1. Did the Canadian National Railways recruit and/or use the services of any college or high school students at Jasper Park lodge in 1960?
2. If so, how many students of each sex, from what provinces, for what occupations and trades?
3. What were the factors used in selecting the students including their order of importance on such possible factors as academic standing, the ratio of need, and the age of the students?
4. Were any provisions made to give guidance to the students in their studies?
5. What provisions were made to protect the moral good and welfare of these students in their off-duty hours within the property of the C.N.R.?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the management of Canadian National Railways advises as follows:

1. Yes.

2. In 1960 there were 162 male and 159 female employees covering necessary jobs customary in hotel work, such as clerks, porters, bell boys, bus boys, waiters, drivers, dishwashers, stenographers, telephone operators, waitresses, chambermaids and cleaners. The employees came from nine provinces.

3. Selection is made from applications received in accordance with the judgment of

the management. All applicants must be 18 years of age or over. No means test is applied.

4. No.

5. This is answered by giving the rules and regulations for the staff, but as they are lengthy perhaps the house will agree that they be printed in *Hansard* without being read.

Mr. Speaker: Is the house prepared to give consent that the balance of the answer be printed without being read?

Some hon. Members: Agreed.

[*Editor's note: The rules and regulations referred to above are as follows:*]

Jasper Park Lodge
Rules and Regulations for Staff

1. Employees must take their meals in the dining room set apart for them within the following hours:

	Staff	First Officers
Breakfast	6:30 to 8:00	7:00 to 8:00
Lunch	11:30 to 1:00	12:00 to 1:00
Dinner	5:30 to 6:45	6:00 to 7:00

2. Property of the company is not to be removed from the premises without permission of the management. Blankets must not be taken on outings or picnics.

3. Employees must report for duty punctually and must not absent themselves from their work without permission of the head of their department.

4. Neatness and cleanliness in dress and appearance will be insisted upon; thus employees are expected to give care and attention to their uniforms.

5. Male employees must not visit or loiter around buildings occupied by female staff, or vice versa. Employees are not to visit guest rooms nor frequent the grounds occupied by guest cabins or public spaces at the lodge, excepting in the performance of their duties.

6. Quietness must be maintained in and around staff quarters after 11:30 p.m.

7. Employees off duty are expected to be in their rooms not later than 12:00 midnight. Those wishing to be absent from the property after this hour must secure leave passes from the manager before noon, and on their return they must turn in these passes to the office of the night matron.

8. Smoking in bed is strictly forbidden.

9. The sleeping quarters provided by the company for employees are well furnished and provide all necessary comforts. It is, therefore, expected that each member of the staff will co-operate in keeping these quarters clean and tidy.

10. A room has been set aside for the use of electric irons. Employees are forbidden to use them or any other electrical appliances in their living quarters.

11. Drinking or gambling on the company's premises is strictly forbidden.

12. Employees engaged for the season will not be permitted to have, or drive, private automobiles or motorcycles.

13. The swimming pool is reserved for the employees Tuesday and Friday evenings each week after 6:30 o'clock; employees must not use it any other time.

14. Employees are forbidden the use of canoes. Their boating is confined to rowboats, the rental of which may be arranged for with the boat house attendant.

15. Employees taking advantage of the employee's special rate for golf may play only within specified hours, during which time they will be considered playing members. They will not be served alcoholic beverages at the golf club bar; nor will they be permitted to loiter around the golf clubhouse after their game is finished.

16. Employees must not go mountain climbing or on long hiking trips without first obtaining the manager's permission and being accompanied by a competent professional guide. They must also register at the administration office of the parks department in the town of Jasper.

17. All employees are expected to adopt safety first methods in the performance of their duties, particularly with regard to the prevention of fires, accidents, injuries, etc.

18. Accidents must be reported promptly to the manager's office; sickness must be reported to the nurse on duty.

19. All male members of the staff are subject to service on the fire brigade and must comply with instructions from the fire chief.

20. Employees will be required to pay the company for any wilful damage they do to the lodge property.

21. Heads of departments are the only members of the staff who are permitted to patronize the guest snack room. All other members of the staff wishing refreshments must use the staff snack room.

22. Members of the staff are not permitted to patronize the cocktail lounge.

[Mr. Balcer.]

FEED MILL PURCHASE REPORTS

Question No. 210—**Mr. Pickersgill:**

1. Are feed mills required to make to the Canadian wheat board periodic reports of purchases and of prices paid for grain purchased from permit holders?

2. If so, do such reports indicate the grades of grain bought?

3. On what date or dates were the reports made to the Canadian wheat board which provided the

prices shown in the table submitted by the Minister of Agriculture and printed in *Hansard* on pages 2426 and 2427?

4. Has the Canadian wheat board any record of prices paid by feed mills for higher grades of grain than those indicated in the table referred to above?

Hon. Alvin Hamilton (Minister of Agriculture): 1. Under the 1960-61 agreement signed by feed mills they agree to report their total purchases of wheat, oats and barley for the period from August 1, 1960 to December 31, 1960, and their total purchases of the same grains from permit holders for the period from January 1, 1961 to July 31, 1961. Feed mills are not required to report prices paid to permit holders.

2. No.

3. Each week the Canadian wheat board secures buying prices from representative feed mills in different parts of the prairie provinces. The statements filed on pages 2426 and 2427 of *Hansard* were compiled as at February 13, 1961 and February 20, 1961.

4. Feed mills buy ungraded grain. The prices quoted in *Hansard* are prices paid for wheat, oats and barley, and the tables include board initial payments for No. 5 wheat, No. 1 feed oats and No. 1 feed barley purely as a basis of comparison. No. 5 wheat is not available to all feed mills and therefore it may be assumed that feed mills do receive grades higher than No. 5 for the buying prices which they quote. Their preference, however, would be for No. 5 wheat, if available.

MAILING OF "HANSARD"

Question No. 211—**Mr. Howard:**

1. How many days elapse between the mailing of *Hansard* from the Queen's printer and the day to which the mailed *Hansard* applies?

2. By what class of mail is *Hansard* mailed?

3. What is the length of time that it takes for *Hansard*, when mailed from the Queen's printer, to travel to Vancouver?

Hon. Leon Balcer (Acting Secretary of State): Mr. Speaker, the answer to this question is as follows:

1. One working day.

2. Third class.

3. Normally three and a half or four and and a half days.

C.N. EXPRESS OFFICE, NEW WATERFORD, N.S.—PROTEST AGAINST CLOSING

Question No. 212—**Mr. Michaud:**

1. Has the Minister of Transport received any protest from the mayor of New Waterford, Nova Scotia, against the closing of the Canadian National Express office there?

2. If so, has the minister taken any action?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the answer to part 1 is no, and consequently part 2 is not applicable.

Starred Questions

DEPORTATION ORDER AGAINST G. L. POWERS

Question No. 213—**Mr. Nixon:**

1. Was a deportation order issued against George Lee Powers of Thessalon, Ont.?

2. If so, on what date?

3. Was any action taken to defer action on the deportation order, and, if so, on what date, and for what reason?

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration):

1. Yes.

2. April 7, 1959.

3. Yes. Mr. Powers appealed the deportation order issued against him. As two civil suits were in progress in the Ontario courts, in one of which he was the plaintiff and in the other the defendant, it was decided not to deal with the appeal until the court proceedings had been completed. On receiving notice in November, 1960, that the litigation was concluded, the appeal against the deportation order was considered and dismissed. At the same time a minister's permit was issued under authority of section 8 of the Immigration Act authorizing Mr. Powers to remain in Canada for a period of one year.

[*Later:*]

On the orders of the day:

Mr. G. E. Nixon (Algoma West): Could the parliamentary secretary to the Minister of Citizenship and Immigration say for what reason the deportation of Mr. George Lee Powers was suspended?

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): I shall not attempt to answer that question. I shall bring it to the attention of the minister.

CAMP BORDEN—WAGE RATES FOR TEMPORARY CARPENTERS

Question No. 214—**Mr. Badanai:**

1. What is the rate per hour presently paid to temporary employees classified as carpenters at camp Borden?

2. What is the rate for such classification established by the most recent survey conducted by the Department of Labour?

Hon. Pierre Sevigny (Associate Minister of National Defence):

1. $2.40.

2. $2.50 per hour effective April 1, 1960. $2.55 per hour effective July 1, 1960. These recommendations by the Department of Labour have been submitted to treasury board for approval. As soon as treasury board authority is received, these new rates will be implemented.

Starred Questions

CANADIAN FORESTRY ASSOCIATION—REQUEST FOR FINANCIAL SUPPORT

Question No. 215—**Mr. Robichaud:**

1. Has the Canadian forestry association made a request for additional financial support?
2. If so, has the government reached a decision on this request?
3. What is the decision?

Hon. H. J. Flemming (Minister of Forestry):

1. Yes.

2. No.

3. Present position is that the directors of the association have agreed to provide the department with details respecting their plans for further development of their program.

B.C. PENITENTIARY—RESIGNATION FOLLOWING DEATH OF INMATE

Question No. 216—**Mr. Howard:**

1. Has the Minister of Justice received a copy of a radio script of an interview by a Mr. Jack Webster of a Mr. John Banford which was given over station CKLG, North Vancouver, B.C., on Wednesday, March 15, 1961, at 6:10 p.m. and which dealt with Mr. Banford's period of employment at the British Columbia penitentiary during the time that an inmate thereof, a Mr. Johnny Waslychen, died while alone and unattended in a dissociation cell the circumstances surrounding which Mr. Banford states he brought to the attention of the Minister of Justice which action Mr. Banford claims brought about his forced resignation?
2. If so, what action has been taken, or is contemplated, as a result thereof?

Hon. E. D. Fulton (Minister of Justice): The answer to the first question is yes, in that a copy of the script of the broadcast in question was received in the Department of Justice on Monday last.

The answer to the second part is that no action has been taken as a result of this broadcast, nor is any action contemplated because the circumstances are not as implied in the question or in the broadcast.

The facts are that in the course of a visit to the British Columbia penitentiary early in 1960 I decided that certain matters in connection with the administration of the institution required investigation. At that time Mr. Banford placed certain information in the hands of one of my assistants. As a result of the investigation certain administrative changes were made in the institution including a reorganization of the medical department.

I must deny categorically any claim which Mr. Banford makes to the effect that his was a forced resignation. At no time has any action been taken by myself, by the commissioner of penitentiaries or by the warden of the British Columbia penitentiary which was designed to bring about Mr. Banford's resignation or which would have the effect of doing so. The contrary is, in fact, the case. On the occasion, last September, of a review of Mr. Banford's efficiency rating to determine whether his annual statutory increase in salary should be granted, it was the recommendation of the warden that the increase should be granted. The increase was approved at headquarters and it was granted accordingly.

However, on February 8 this year, many months after the actions referred to earlier were completed, Mr. Banford submitted his resignation in writing to the warden and this was accepted. On February 15 he addressed the following note to the warden:

I am unable to accept that you have been fully informed of the causes of, and circumstances leading to, my resignation. I respectfully ask a hearing on the matter.

On February 17 the warden sent to this officer a memorandum informing him that his resignation had been sent to the commissioner of penitentiaries, and added the following:

If you wish to record any causes or circumstances which led you to the decision to resign I would request that you detail them in full in writing so that they may be forwarded to the commissioner for attachment to your resignation. I shall make arrangements to try and see you next week after your submission is received.

By memorandum dated February 22 Mr. Banford informed the warden as follows:

After careful consideration I have decided that to submit reasons for, and circumstances leading up to, my resignation to the commissioner of penitentiaries would not be the proper course to take in the circumstances.

The facts make it clear that Mr. Banford's resignation was submitted of his own volition and that he himself declined to submit reasons therefor.

WAR CLAIMS COMMISSION

Question No. 217—**Mr. Hellyer:**

1. When was the war claims commission dissolved?
2. Have the recommendations of the chief commissioner to approved claimants for awards of payments out of the war claims commission been paid in full?
3. What is the balance of moneys remaining in the fund?
4. What rate of interest is it presently earning?
5. When will the final report of the war claims commission be available for tabling?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the answers to the five parts of this question are as follows:

1. The war claims commission has not been dissolved.

2. No. Payment of the balance of the awards recommended amounting to $2,278,514.67, within the limit of the funds available is held up pending clarification of possibility of satisfaction available from sources in other countries and the finding of certain claimants.

3. (a) Cash, $850,315.90; (b) 2¾ per cent 1967-1968; government of Canada bonds, par value, $200,000; (c) 3 per cent perpetuals, government of Canada bonds, par value, $3,800.

4. Interest at the rate of 2 per cent per annum is allowed on the cash in the war claims fund.

5. It is not known when the questions mentioned in answer No. 2 will be resolved and permit the tabling of a final report on the operations of the war claims commission. This has reference to the questions affecting the payment of the balance of the awards.

ST. LAWRENCE SEAWAY—WELLAND CANAL LIFT BRIDGES

Question No. 218—**Mr. Hellyer:**

1. Did the St. Lawrence seaway authority recently call for tenders for the supply of gear speed reducers for the vertical lift bridges, Welland canal?
2. Has the contract been awarded?
3. If so, to what company?
4. Did the tender stipulate that the work shall be constructed by the contractor?
5. Is the work in fact going to be performed by the contractor?
6. If not, for what reason?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the St. Lawrence seaway authority advise as follows:

1. Yes.

2 and 3. The contract has been awarded to Lyman Tube and Supply Company Limited.

4 and 5. No.

6. The specifications did not require that the work be constructed by the contractor.

EXPLOSION, D.R.B. EXPERIMENTAL STATION, SUFFIELD, ALTA.

Question No. 219—**Mr. Hellyer:**

1. What were the conclusions of the official inquiry into the explosion at the defence research board, Suffield, Alberta, experimental station, last November?
2. Did the report include any recommendations, and, if so, what were they?

Mr. Egan Chambers (Parliamentary Secretary to the Minister of National Defence): Mr. Speaker, the answers to the two parts of this question are as follows:

1. The inquest into the death of Mr. Norman Randolph Willis on November 22, 1960 at the Suffield experimental station concluded that Mr. Willis' death was caused by the premature explosion of a gunpowder charge in a field mortar.

2. In addition to the public inquest, a technical inquiry was also conducted by D.R.B. officials. Since it has not been possible to ascertain the precise cause of this accident further tests are being carried out by D.R.B.

Starred Questions

ORDERS PLACED WITH CANADIAN SHIPYARDS

Question No. 220—**Mr. Badanai:**

1. What was the total amount for orders placed with Canadian shipyards during the past five months?
2. Which were the shipyards that have received contracts?
3. Has the Port Arthur shipbuilding yard been considered for a share of these orders?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the Canadian maritime commission advises that the answers to the three parts of the question are as follows.

1. According to the information furnished by the 16 major shipyards reporting to the Canadian maritime commission the total amount of orders from all sources, public and private, for new ships during the past 5 months is $36,279,399 for 21 ships.

2. Yarrows Limited, Victoria Machinery Depot Company Limited, Burrard Dry Dock Company Limited, Collingwood Shipyards, Kingston Shipyards, Canadian Vickers Limited, Geo. T. Davie and Sons, Limited, Saint John Shipbuilding and Dry Dock Company Limited, Halifax Shipyards Limited, Ferguson Industries Limited.

3. Most of the orders were for private commercial account and for such work the answer to this question is not known. Orders for two small naval craft were placed on a negotiated basis and other government orders were placed after public call for tenders from all shipyards, including the one at Port Arthur.

INTERSERVICE EQUIVALENTS BOARD—REPORT OF INVESTIGATION

Question No. 221—**Mr. Winch:**

1. Has the Royal Canadian Mounted Police completed its investigations requested by the Minister of National Defence and of which the House of Commons was informed on July 5, 1960, into certain alleged irregularities in the interservice equivalents board?
2. If so, what were the findings, and has any action been taken on them?
3. If the investigation is not completed, when is it anticipated a report will be received by the minister?
4. Will the results of the investigation, and any action taken thereon, be given to the house by the minister?

Mr. Egan Chambers (Parliamentary Secretary to the Minister of National Defence): Mr. Speaker, the answers to the four parts of this question are as follows.

1. Yes.

2. The R.C.M.P. report stated that no evidence was uncovered which would warrant any criminal charges being laid.

3. Not applicable.

4. Answered by 2.

[*Later:*]

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I think I am right in putting my question this way. I wish to direct a question to the parliamentary secretary to the Minister of National Defence who answered my starred question No. 221. Is the department willing to file with this house a copy of the R.C.M.P. report on their 10-months' investigation into irregularities in the interservice equivalents board?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, this question would more properly be directed to the Minister of Justice than to this department.

In regard to whether or not any report presented by the Royal Canadian Mounted Police would be filed, my understanding is that reports of investigations by the mounted police are privileged documents and are not filed in the house or published elsewhere.

Mr. Winch: In that case, Mr. Speaker, may I ask the Minister of Justice whether a 10-months' investigation has been completed into irregularities in the interservice equivalents board, and whether the same will be tabled in this house.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, my understanding is that the investigation has been concluded. The Minister of National Defence has correctly stated, I believe, the position with regard to such reports. I would certainly have to give most careful consideration to making any exception to that rule.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to ask the Minister of National Defence a supplementary question. Did this investigation prove that any members of the interservice equivalents board have been guilty—

Some hon. Members: Order.

Mr. Speaker: Order. The hon. member has received the answer that the report is regarded as a privileged and confidential document, and it seems to me it would be improper to ask a supplementary question as to what was in the report.

[*Later:*]

Mr. Fulton: Mr. Speaker, I wonder whether I might say something that would go part way to answering the inquiry of the hon. member for Vancouver East and others who are interested.

While I still must take the position that the Royal Canadian Mounted Police report cannot be disclosed, I think it would be appropriate to say that not only did the report as made to me and to my colleague the Minister of National Defence establish that no evidence had been uncovered on which to base criminal prosecution, but also the person primarily investigated died suddenly at the beginning of March, which seems in any event to bring a pretty effective conclusion to the inquiry.

Mr. Winch: Mr. Speaker, I accept that no criminal prosecution can be taken; he is before a higher court.

[*Later:*]

Mr. Herridge: Mr. Speaker, I wish to direct another supplementary question to the Minister of National Defence. As the result of this report, has the department seen fit to change the controls and procedures in connection with the administration of the interservices equivalents board?

Mr. Harkness: Mr. Speaker, I do not think we have changed the controls and procedures. We have tightened up the procedures to some extent.

PARCEL POST RATES INCREASE

Question No. 222—**Mr. Carter:**

1. Has there been an increase in parcel post rates since January 1, 1961?
2. If so, what was the percentage rate increase by provinces?
3. What will the estimated gross revenue increase amount to per year on the basis of last year's receipts?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, the answers to the 3 parts of this question are as follows.

1. Parcel post rates were increased on March 1, 1961.

2. Parcel post rates are based on an extensive schedule of charges which vary according to distance and weight. Thus it is not easily possible to give an exact answer to part 2 of this question, but the rate of increase is the same for all provinces in regard to zones involved in their mailings.

3. $9,300,000.

ST. LAWRENCE SEAWAY—DEPTH OF CONNECTING CHANNELS

Question No. 223—**Mr. Chevrier:**

1. What was the depth of the connecting channels (lake Erie to the head of the lakes) prior to the opening on the St. Lawrence seaway?
2. What was the depth in 1960?
3. How much of this work was done by Canada, and how much by the United States?
4. What has been the cost thereof from the beginning to date?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I have here the answer to this question but it is quite long and involved. May I have the consent of the house to have it printed in *Hansard*?

Mr. Speaker: Does the house agree?

Some hon. Members: Agreed.

[*Editor's note: The answer above referred to follows:*]

1. Minimum depths when the levels of the lakes were at normal low water: down channels, 25 feet; up channel, 21 feet.

2. In 1960 and until the end of 1961, the controlling depths will be: lake Erie to Detroit, 26 feet up and downbound channels; Detroit to lake Huron, 25 feet up and downbound channels; lake Huron to lake Superior, 21 feet upbound channel and 25 feet downbound channel.

3. None of the work is being done by Canada. It is all being done for the United States government under the supervision of the United States army corps of engineers.

4. The cost to date for Canada has been $200,000. This was the purchase price of land required for the southeast bend cut-off channel in the lower St. Clair river. This channel is in Canadian territory.

SAULT STE. MARIE CANAL TRAFFIC

Question No. 224—**Mr. Chevrier:**

1. What was the total traffic through the Sault Ste. Marie canal (4 locks on the American side and 1 lock on the Canadian side) during the last four seasons of navigation, namely 1957, 1958, 1959, and 1960?
2. How many vessels transited the canal?
3. How was the traffic broken down by classification and type of cargo?

Mr. E. L. Morris (Parliamentary Secretary to the Minister of Trade and Commerce): Mr. Speaker, the reply to this question involves five pages of closely statistical material, most of it published heretofore in government publications. If agreeable to the hon. gentleman in whose name the question stands and the house, at the conclusion of starred questions I would ask that this be made an order for return and would table the documentation immediately.

Mr. Speaker: Order for return.

SARNIA INDIAN RESERVE—CLAIM OF CHIEF ADAMS

Question No. 225—**Mr. Pickersgill:**

1. Has the minister, or the Department of Citizenship and Immigration, received representations on behalf of chief Telford Adams with regard to his claims as a locatee in connection with the sale of the Sarnia Indian reserve to Dimensional Investments Limited, since November 1, 1960?
2. If so, what is the nature of these representations, and what reply has been made by the department?

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): The answers are as follows:

1. Yes.

2. The representations consisted substantially of a request for assistance in enforcing the terms of an alleged agreement between Telford Adams and Dimensional Investments Limited, the force and effect of which is now the subject of an action in the supreme court of Ontario. The reply made by the department was, in substance, that every consideration would be given Mr. Adams, subject to the crown's contractual obligations under the agreement with Dimensional Investments Limited. Subsequently an interlocutory injunction was obtained by Mr. Adams and nothing has of course been done to assist anyone affected by it to act otherwise than in accordance with its terms. The matter is now before the Ontario courts.

QUESTIONS PASSED AS ORDERS FOR RETURNS

DRUG PURCHASES, DEFENCE PRODUCTION AND VETERANS AFFAIRS

Question No. 125—**Mr. Howard:**

1. Since January 1, 1960, was any (a) nystatin (b) tyrothricin (c) neomycin (d) dihydrostreptomycin (e) streptomycin (f) tetracycline (g) oxytetracycline (h) meprobamate (i) chlorpromazine (j) chlorothiazide (k) chlortetracycline (l) erythromycin (m) chloramphenicol (n) penicillin, purchased by (i) the Department of Defence Production (ii) the Department of Veterans Affairs?
2. If so, for each month from January 1, 1960, to date, what was (a) the amount of each preparation of each drug purchased by each of these departments (b) the unit or units by which each purchase was made (c) the price paid for each such unit or units (d) the name and address of the supplier (e) the names and addresses and bid price of each other potential supplier or bidder?

FEDERAL ADVERTISING EXPENDITURES, 1960

Question No. 132—**Mr. Badanai:**

1. What was the amount of money spent on advertising by each department of government during the calendar year 1960?
2. What was the value of advertising placed by those departments with each advertising agency which received such business from the government during the calendar year 1960?

SAULT STE. MARIE CANAL TRAFFIC

Question No. 224—**Mr. Chevrier:**

1. What was the total traffic through the Sault Ste. Marie canal (four locks on the American side and one lock on the Canadian side) during the last four seasons of navigation, namely 1957, 1958, 1959, and 1960?
2. How many vessels transited the canal?
3. How was the traffic broken down by classification and type of cargo?

MOTIONS FOR PAPERS

FEED MILL GRAIN PURCHASES OUTSIDE QUOTA

Motion No. 77—**Mr. Argue:**

For a copy of all correspondence, telegrams, instructions, and other documents exchanged between the Canadian wheat board and the federal

Division

government since January 1, 1960, in regard to feed mills being allowed to purchase grain outside the quota system.

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, since the information asked for in this motion is confidential information between a minister and an agency of the government, I am unable to accept the motion.

Mr. Speaker: Does the hon. member wish the motion put?

Mr. Argue: Yes.

The house divided on the motion (Mr. Argue) which was negatived on the following division:

YEAS

Messrs:

Argue	Peters
Herridge	Pitman
Howard	Regier
Martin (Timmins)	Winch—8.

NAYS

Messrs:

Aiken	Crouse
Aitken, Miss	Danforth
Allard	Deschambault
Allmark	Deschatelets
Anderson	Diefenbaker
Balcer	Dinsdale
Baldwin	Doucett
Baskin	Dubois
Batten	Dumas
Beech	English
Bell (Carleton)	Eudes
Bell (Saint John-Albert)	Fairfield
Benidickson	Fane
Best	Fleming (Eglinton)
Bissonnette	Fleming (Okanagan-Revelstoke)
Boivin	Flemming (Royal)
Boulanger	Forbes
Bourbonnais	Forgie
Bourdages	Fortin
Bourget	Fulton
Brassard (Lapointe)	Garland
Broome	Gillet
Browne (St. John's West)	Godin
Bruchesi	Grafftey
Brunsden	Grenier
Cadieu	Habel
Campbell (Lambton-Kent)	Hales
Campbell (Stormont)	Halpenny
Campeau	Hamilton (Notre Dame de Grace)
Cardiff	Hamilton (Qu'Appelle)
Cardin	Harkness
Carter	Hellyer
Casselman, Mrs.	Henderson
Cathers	Hicks
Chambers	Horner (Acadia)
Charlton	Horner (The Battlefords)
Chevrier	Howe
Chown	Johnson
Churchill	Jorgenson
Clancy	Keays
Clermont	Kennedy
Coates	Korchinski
Comtois	Kucherepa
Cooper	Lafreniere
Creaghan	Lahaye
Crestohl	LaMarsh, Miss
Lambert	Nowlan
Latour	Nugent
Leduc	O'Hurley
Legere	Ormiston
Lennard	Pallett
Lessard	Parizeau
Letourneau	Pascoe
Loiselle	Paul
Macdonnell	Pearson
MacInnis	Phillips
MacLean (Winnipeg North Centre)	Pickersgill
MacLellan	Pigeon
Macnaughton	Pratt
Macquarrie	Rapp
MacRae	Ratelle
McCleave	Ricard
McDonald (Hamilton South)	Richard (Kamouraska)
McFarlane	Richard (St. Maurice-Lafleche)
McGee	Robichaud
McGrath	Robinson
McGregor	Rompre
McIlraith	Rowe
McIntosh	Rynard
McLennan	Sevigny
McMillan	Simpson
McPhillips	Skoreyko
McQuillan	Small
McWilliam	Smith (Lincoln)
Maloney	Smith (Simcoe North)
Mandziuk	Smith (Winnipeg North)
Martel	Southam
Martin (Essex East)	Spencer
Martineau	Starr
Martini	Stewart
Matthews	Tardif
Meunier	Tassé
Michaud	Thomas
Mitchell	Thrasher
Monteith (Perth)	Tremblay
Monteith (Verdun)	Tucker
Montgomery	Valade
Morissette	Vivian
Morris	Walker
Morton	Webb
Muir (Lisgar)	Webster
Nielsen	Weichel
Nixon	White
Noble	Winkler
	Wratten—189.

1960 SERVICE AGREEMENT, JASPER PARK LODGE

Motion No. 84—**Mr. Howard (for Mr. Fisher):**

For a copy of the agreement of service between the Canadian National hotels and the employees of Jasper Park lodge in 1960.

Motion agreed to.

BILL NO. C-70—CORRESPONDENCE

Motion No. 86—**Mr. Howard:**

For a copy of all telegrams, correspondence, or other documents exchanged between the federal government or any agency or branch thereof and any other person, government or organization since July 1, 1957, dealing with the subject matters contained in Bill C-70.

Hon. E. D. Fulton (Minister of Justice): May I point out, Mr. Speaker, that this motion is extremely wide in its wording. I think it would be difficult, if not impossible to comply. It asks for all correspondence, telegrams or other documents exchanged between the

federal government or any agency or branch thereof, which includes every department as well as other government operations, and any other person, etc., since July 1, 1957, dealing with the subject matters contained in Bill C-70. There is a huge area, therefore, which would require to be looked at in all departments and every agency of government. It would be necessary to examine all files back to July 1, 1957.

I submit that it would be essential to examine virtually every single file to determine whether or not it contained some subject matter pertaining to Bill C-70 which, may I remind you, sir, contains references to such matters as the financial statements of companies, the place of residence of shareholders of companies, the number of shareholders of companies resident in Canada and a host of other matters connected with corporations, as well as all the various matters connected with labour unions. In my view the scope of the motion is so wide as to make compliance with it impossible. I suggest that the hon. member consider rewording it.

Mr. Howard: Yes, I will do that. Perhaps I might rephrase it so that it can be answered.

Order discharged and motion withdrawn.

RED RIVER FLOOD CONTROL

Motion No. 88—**Mr. Pickersgill:**

For a copy of all correspondence exchanged between the federal government or anyone on its behalf and the government of Manitoba or anyone in its behalf since July 1, 1958, regarding the Red river floodway.

Right Hon. J. G. Diefenbaker (Prime Minister): Would the hon. gentleman allow this to stand?

Mr. Pickersgill: I shall be pleased to allow it to stand.

Motion stands.

SARNIA INDIAN RESERVE—CLAIM OF CHIEF ADAMS

Motion No. 89—**Mr. Pickersgill:**

For a copy of any communications received by the minister, or the Department of Citizenship and Immigration, or any official of that department, since November 1, 1960, regarding the claims of Chief Telford Adams, in connection with the sale of the Sarnia Indian reserve to Dimensional Investments Limited, together with copies of the replies to any such communications.

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): Could this stand, Mr. Speaker?

Mr. Pickersgill: Did I understand this motion was to stand?

Mr. Speaker: I understood the hon. gentleman concurred when it was asked that it stand.

Mr. Pickersgill: I would like to know whether the parliamentary secretary has good reason for asking that it stand. This has regard to information that I am very anxious to acquire, and since a similar question was answered today I see no reason why it should not be dealt with.

Mr. Speaker: The request is that it stand. Is the hon. member prepared to accept that?

Mr. Pickersgill: Mr. Speaker, I do not wish to be unreasonable, and if the parliamentary secretary has some good reason why it should stand I will agree. If he has no reason then I feel I should press my motion.

Mr. Speaker: This is not a debatable matter, and the parliamentary secretary has asked that it stand.

Mr. Charlton: Mr. Speaker, in the absence of the minister I think it would be better to let it stand.

Mr. Pickersgill: Under the circumstances, sir, I am quite prepared to postpone it until next week.

Motion stands.

TRADE

REQUEST FOR REPORT ON CONSULTATIONS WITH HONG KONG AUTHORITIES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask the Minister of Finance if he is in a position to make a report to the house at this time on the trade mission to Hong Kong.

Hon. Donald M. Fleming (Minister of Finance): I am not in a position to make a report in detail, Mr. Speaker. The group of officials who went to Hong Kong has just returned. I have received a report, but have not had the opportunity of perusing it as thoroughly as I would wish in order to answer that question.

FREIGHT RATES

GRAIN—REQUEST FOR DISALLOWANCE OF INCREASED RATES TO EASTERN PORTS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I would like to direct a question to the Minister of Transport. In view of the statement by the board of transport commissioners that the increase in freight rates on grain will result in a decreased grain price to the producer, and in view of the protest launched by the maritime and western provincial governments,

can the minister now say whether the government will disallow the increase under section 53 of the Railway Act, to which he promised on February 27 consideration would be given?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, this is a matter for cabinet decision, which will be announced in due course.

Mr. Argue: I wonder whether the minister could clarify his reply by saying whether the announcement will be made before the increase is allowed to go into effect?

Mr. Balcer: As I said, Mr. Speaker, the decision in regard to disallowing the increase is one to be made by the cabinet, and it will be announced in due course.

CANADIAN BROADCASTING CORPORATION

APPEARANCE OF QUEBEC MINISTER ON FRENCH PROGRAM

On the orders of the day:

Mr. Louis Fortin (Montmagny-L'Islet): Mr. Speaker, I would like to direct a question to the Minister of National Revenue. Last Sunday evening the French network of the Canadian Broadcasting Corporation presented the program "Gala de la chanson canadienne". Mr. Gérin-Lajoie, a minister in the provincial cabinet, was a guest of honour. In view of the fact that the C.B.C. is a federal corporation, shall we presume that the Minister of National Revenue, who reports to the house for this corporation, was also invited?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the answer is no.

INQUIRY AS TO TRIP TO EUROPE FOR INTERVIEW

On the orders of the day:

Mr. Louis Fortin (Montmagny-L'Islet): I have another question to ask the Minister of National Revenue, and knowing his ability to translate from French into English I shall ask my question in French.

(Translation):

The C.B.C. has correspondents in Europe. About ten days ago, a certain Mr. Gerard Pelletier went to Geneva to interview Mr. Bourguiba.

Could the minister make the necessary inquiries with the authorities of the C.B.C. to know the reasons, if any, for not employing one of the regular correspondents of the C.B.C. instead of spending a large sum of money to have Mr. Pelletier make a free trip at public expense, or rather at the taxpayers' expense?

[Mr. Argue.]

Hon. George C. Nowlan (Minister of National Revenue): Yes, Mr. Speaker.

(Text):

TRANSPORT

OTTAWA RIVER—REQUEST FOR REPORT ON PROPOSED DEEPENING

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Public Works. Following the statement made by the parliamentary assistant to the Prime Minister on the deepening of the Ottawa river to Montreal, as reported in the news this morning, may I ask the minister whether a study has been made of the economics of this route, as well as the cost thereof? Can the minister tell the house what is the result of the study regarding both these points?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I must thank the hon. member for Laurier for giving me notice of this question. The answer is that a study is being made based on an earlier engineering survey and other public documents, but the study has not as yet been completed. Does that answer the question?

Mr. Chevrier: I would like to ask a supplementary question. Could the minister inform us whether in the course of this study consideration is being given to the depth of the channel as well as to the raising of the bridges?

Mr. Walker: In reply to the hon. member I might say that my department is simply making an engineering survey.

Mr. Chevrier: I would like to ask a further supplementary question. Does the minister not think that having regard to a matter of this importance there would be required, on the part of the government, an engineering commission to go into the whole problem?

Mr. Speaker: Order. I think the hon. member is now endeavouring to present a case rather than to seek further information or the elucidation of an answer.

Mr. Chevrier: On a point of order, sir, it seems to me I have the right within the rules to ask the minister whether instead of the study which he is making through his officers there should be an economic survey or an engineering survey made of the whole route of the Ottawa river. That was my purpose in asking the supplementary question.

Mr. Speaker: The hon. member's supplementary question, it seemed to me, was framed rather as an argument—"does the minister not think this or that"—and not a question asking for information, but the

presentation of a point of view of the hon. member for Laurier. The rules indicate that questions should be made in search of factual information and should be presented in that way.

Mr. Chevrier: Let me then ask this question, Mr. Speaker. Will the minister indicate whether the government will consider an economic survey of a board of engineers to consider the route and the depth of the channel?

Mr. Walker: Mr. Speaker, I am just the Minister of Public Works, and a matter of this kind would have to be decided upon by the government.

Mr. Chevrier: In that event, Mr. Speaker, may I ask the Prime Minister if he will give consideration to the establishment of a board of engineers to consider the route, the depth and the economies of a deep waterway from Ottawa to the St. Lawrence river at Montreal?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think the Minister of Public Works has pretty well answered that question. I am not at all impressed with the suggestion, and I will go no further than that.

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to direct a question to the Minister of Transport. In view of the minister's announcement in the house, I think in mid-December, that a study was to be undertaken to study the studies that had already been studied, to see whether a further study was necessary—and I think this is a correct interpretation of what transpired at that time—has the minister anything to report on the study that he announced at that time in connection with the engineering or economic studies of the Ottawa-Georgian bay route?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, as I said earlier, my department is carrying on an economic survey of the Ottawa river. I have not yet received the report from my officials.

(Translation):

QUEBEC—ACQUISITION OF LAND TO WIDEN FERRY APPROACH

On the orders of the day:

Mr. Maurice Bourget (Levis): Mr. Speaker, may I direct a question to the Minister of Transport?

Could the minister tell me when he will be in a position to give an official and final answer to the authorities of Quebec city with respect to the transfer of lands required for a start to be made on construction of Champlain boulevard?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I have had a phone call from the mayor of Quebec city in that connection. I immediately got in touch with my officials, and according to the report I have received this morning, I understand, subject to confirmation, that the plans have now reached Quebec city. On the basis of my latest information, the plans have reached Quebec city and the reply is to be forwarded to city hall at any moment.

INCOME TAX

CHARITABLE DONATIONS—REPORTED CHECKING OF BOOKS OF ROMAN CATHOLIC PRESBYTERIES

On the orders of the day:

Mr. Robert Lafreniere (Quebec-Montmorency): Mr. Speaker, I should like to direct a question to the Minister of National Revenue.

Could the minister indicate whether instructions have been issued to his staff to conduct investigations in presbyteries of the province of Quebec with regard to tax receipts signed by the pastors of the various parishes?

Does the minister intend to put a stop to these searches which appear unwarranted, to say the least, in view of the fact that our priests are not and cannot act as tax collectors on behalf of the federal government?

(Text):

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, this is a matter of administration on which I will make inquiries and report in due course.

COAL

RAND REPORT—STUDY BY INTERDEPARTMENTAL COMMITTEE

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I should like to direct a question to the Minister of Mines and Technical Surveys. The minister informed the house on February 14, five weeks ago, that the interdepartmental committee set up to advise the government on the Rand report expected to complete its study in a few weeks and report to the cabinet accordingly. Can the minister now state whether the recommendations have reached the cabinet, and if so, what is the nature of those recommendations?

(Translation):

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, the committee in question has not yet completed its study on the subject, and I cannot say when we will receive the report.

(Text):

THE CENSUS

INQUIRY AS TO RECRUITMENT OF WORKERS

On the orders of the day:

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, in the absence of the Minister of Trade and Commerce I should like to direct a question to the minister's parliamentary secretary. Are workers being recruited at present for the taking of the 1961 census? If so, what method of recruitment is used, and are local offices of the unemployment insurance commission asked to provide personnel for census taking?

Mr. Speaker: Order. The hon. member's inquiry covers a fairly wide range when one has regard to the extent of the census and the number of workers who may be involved. I suggest the hon. member put his question on the order paper in order to obtain a comprehensive answer.

INDIAN AFFAIRS

SUGGESTED REPEAL OF SECTIONS OF ACT

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the parliamentary secretary to the Minister of Citizenship and Immigration. I regret that I did not have an opportunity to send notice of my question.

Has the attention of the minister or her parliamentary secretary been drawn to a decision of a magistrate's court in Lillooet, British Columbia, to the effect that an Indian charged with being in possession of liquor off a reserve, in violation of section 94 of the Indian Act, was found not guilty as charged because section 94 was held to be in conflict with the bill of rights? If so, would the minister care to comment on this matter in order to have the relative discriminatory—

Mr. Speaker: Order. I ask the hon. member whether he is not asking for a legal opinion in his question. There was a good deal of noise coming through the amplifier and I was not sure that I followed his question correctly. However, it appeared to me to be a request for a legal opinion.

Mr. Howard: No, Mr. Speaker, it was not a request for a legal opinion. I asked whether the attention of the minister had been drawn to this case and whether the minister would care to comment on it from the point of view of having the relative discriminatory sections of the Indian Act repealed.

Mr. Speaker: Perhaps in its last import the question is asking for a declaration of policy with respect to the revision of part of the Indian Act. If the minister wishes to declare policy in answer to an oral question without notice, I have no objection but it is not customary to do so.

CHIEF TELFORD ADAMS—PROTECTION OF INTERESTS IN LAND

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I wish to ask a question of the parliamentary secretary to the Minister of Citizenship and Immigration. Will the parliamentary secretary give an assurance that the department, as trustee for the Indians, will take adequate steps to protect the legitimate interests of Chief Telford Adams in the Sarnia land matter?

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): I will take note of the question and advise the minister.

(Translation):

LIVESTOCK

QUEBEC—REPORTED OUTBREAK OF HOG CHOLERA

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): I should like to direct a question to the Minister of Agriculture. Is the minister aware of the hog cholera epidemic in the areas of Nicolet-Yamaska and Drummond-Arthabaska and, if so, what action has been taken to stop this epidemic?

(Text):

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, in the last few days there has been a resurgence of hog cholera in four counties in Quebec, Drummond, Kamouraska, Nicolet and Bagot. Yesterday the Minister of Mines and Technical Surveys and the hon. member for St. Hyacinthe-Bagot consulted with me on these matters. I am able to now inform the house that a senior official of the health of animals division is now in the province of Quebec and is making arrangements to use the powers that we have under the act to try to control the flow of hogs into and out of those four counties in an effort to stop the disease in the next four or five weeks.

SHIPPING

REPORTED PRESENCE OF RUSSIAN ICEBREAKER OFF ATLANTIC COAST

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I should like to address a question to the Minister of National Defence. May I ask the

hon. gentleman whether he has any knowledge of the presence of a Russian icebreaker engaged in the seal hunt in the waters off the Canadian Atlantic coast, as reported in the Toronto *Globe and Mail*?

Hon. D. S. Harkness (Minister of National Defence): In the clipping which the hon. member sent me I do not find any mention of an icebreaker. In any event, the Royal Canadian Navy has no knowledge of the presence of a Russian icebreaker in coastal waters off Canada. Large Russian vessels which have been operating in the fishing areas off the Canadian coast are believed to be strengthened for operations in the ice.

COMBINES

KINGSTON—REPORTED IDENTICAL BIDS ON ELECTRICAL EQUIPMENT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Justice, notice of which I gave him some days ago. My question arises out of information given to me by the public utilities commission of the city of Kingston, to the effect that the commission has received identical bids from various companies for the supply of electric cables, transformers, meters and street lighting fittings.

In view of this evidence indicating a combine in the electrical industry, is the minister prepared to order a full investigation to be made under the Combines Investigation Act?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I thank the hon. member for having given me notice of his intention to ask this question. In reply I am glad to inform him that the matter has been brought to the attention of the director and is presently being examined to determine whether an inquiry is warranted. The general practice is that no information is given out as to whether an inquiry is being pursued unless and until a report is published.

REPORTED COMPLAINT AS TO ADMINISTRATION OF ACT

On the orders of the day:

Mr. Frank Howard (Skeena): I wonder if I may direct a question to the Minister of Justice and ask whether he has received a letter from a friendly colleague of the hon. member for Russell, Mayor Whitton, complaining about the ineffective administration of the Combines Investigation Act. If so, can the hon. gentleman indicate what action is contemplated as a result of that letter?

Hon. E. D. Fulton (Minister of Justice): I have no knowledge of any letter from the hon. member for Russell—perhaps I misunderstood the question.

Mr. Howard: I asked the minister if he had received a letter from a friendly colleague of the member for Russell, namely Mayor Whitton.

Mr. Fulton: No, Mr. Speaker, but I have received notice through the newspaper columns, and I am awaiting the letter with the greatest of interest.

AIRPORTS

MALTON—INSTALLATION OF HYDRANT REFUELING SYSTEM

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I wish to direct a question to the Minister of Transport. May I ask the minister whether the Department of Transport has decided to let, or is about to let, the Malton airport hydrant refueling contract without calling for tenders?

Hon. Leon Balcer (Minister of Transport): In view of the technical complications involved in providing a hydrant system to satisfy the requirements of all the various air lines and all the various fuel contracts, and because the system is required primarily to meet technical requirements including essential safety standards, the department has decided not to instal its hydrant system at the Toronto international airport. Instead it has asked the air lines if they would be willing to make the necessary arrangements on a joint basis, either directly or indirectly, to see that a hydrant system to satisfy their own requirements is developed at the Toronto international airport on a private enterprise basis. This matter is therefore being handled by the air lines themselves and not by the department.

HEALTH AND WELFARE

ROYAL COMMISSION—INQUIRY AS TO PERSONNEL AND TERMS OF REFERENCE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Prime Minister whether he is in a position, or whether he will be in a position shortly to announce the appointment of the royal commission on medical care insurance?

Right Hon. J. G. Diefenbaker (Prime Minister): I trust so.

Interim Supply

INDUSTRY

AUTOMOBILES—INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Hon. Paul Martin (Essex East): Can the Prime Minister say whether he is now in a position to tell the house with greater precision when the report of the royal commission headed by Professor Vincent Bladen will be made available?

Right Hon. J. G. Diefenbaker (Prime Minister): No, Mr. Speaker.

ROYAL CANADIAN AIR FORCE

UPLANDS AIRPORT, OTTAWA—REPLACEMENT OF SERVICE STATION STAFF

On the orders of the day:

Mr. Arnold Peters (Timiskaming): I wish to direct a question to the Minister of National Defence. Has the attention of the minister been drawn to the fact that the commanding officer of the R.C.A.F. station at Uplands, Ottawa, discharged the civilian staff employed at the Fina service station and replaced those employees with air force personnel? If so, will the minister investigate the use of service personnel in connection with the operation of a non public fund project.

Hon. D. S. Harkness (Minister of National Defence): I know nothing about this. I can inquire into it.

SUPPLY

INTERIM SUPPLY

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

Mr. Fleming (Eglinton) moved:

That a sum not exceeding $638,909,350.10 being the aggregate of

(a) one sixth of the total of the amounts of the items set forth in the main estimates for the fiscal year ending March 31st, 1962, laid before the House of Commons at the present session of parliament, $614,823,482.50;

(b) one half of the amount of item 227 of the said estimates, $650,000.00;

(c) one third of the amount of item 38 of the said estimates, $233,333.34;

(d) one sixth of the total of the amounts of items 191, 198, 199, 271 and 307 of the said estimates, $2,038,429.67;

(e) one twelfth of the total of the amounts of items 63, 277, 370, 398, 456, 459, 464, and 469 of the said estimates, $21,164,104.59,

be granted to Her Majesty on account of the fiscal year ending March 31st, 1962.

Mr. Fleming (Eglinton): On April 1 we will be entering on a new fiscal year, Mr. Chairman. The main estimates for the new fiscal year have already been tabled. The present resolution and the legislation that it foreshadows seek a vote of supply required to meet the expenses of government for the months of April and May.

In general, one sixth of all items is requested and with respect to 15 items in particular additional fractions of the items in question are requested, these in all cases relating to programs which do not fit precisely into the month by month succession of the 12 months of the fiscal year. In general, these are programs that require to be expedited or advanced during the earlier part of the fiscal year.

I give the usual undertaking. The passing of the bill to be founded on the resolution will not prejudice the rights and privileges of hon. members to criticize any item in the estimates when it comes up for consideration in the committee of supply. I give the usual undertaking that such rights and privileges will be protected and will not in any way be curtailed or restricted as the result of the passing of this measure.

Mr. Pearson: Mr. Chairman, the request of the government for interim supply gives hon. members of the commons an opportunity to exercise their historic, constitutional right of introducing questions for consideration and if necessary for redress and raising grievances if they so desire before the supply is granted.

The minister has asked us for interim supply reserving all the rights of hon. members for discussion subsequently when the estimates are introduced and supply is requested again. The hon. gentleman has made the request for interim supply in order to meet part of a record level of governmental expenditure which has now reached for the year, I think, a figure approaching $6,300 million. With the supplementaries that have already been brought down and without considering any further ones that may be brought down, this figure, I believe, is over $400 million above that of last year.

Mr. Fleming (Eglinton): No supplementaries have been brought down for 1961-62.

Mr. Pearson: I referred to last year's supplementaries.

Mr. Benidickson: It indicates a trend.

Mr. Pearson: The estimates and supplementaries indicate a trend of increasing expenditures reaching record levels including something over $1.5 billion for welfare payments to be made by this free enterprise government.

As a result of this and other factors we have now to consider record deficits resulting not only from increased expenditures but from lower revenues which are themselves due very substantially, I think, to the recession in our economy from which we all hope

it will soon emerge; and there are some encouraging signs of that emergence.

That strong hammer in the anvil chorus of constructive criticism against the government, the Toronto *Globe and Mail*, in an editorial entitled "Diminishing Returns" on January 30, 1961 had this to say, and these are interesting words from the editor of that paper:

> If the Diefenbaker government must operate at a deficit—as it has done ever since attaining power—it is better to have the deficit result from the lower revenue produced by reasonable tax rates than from the lower tax revenue produced (as in December) by excessive tax rates. That way, the economy will have a chance to grow; that way, the reasonable tax rates will eventually produce more than the excessive ones; that way, the Diefenbaker government—if it will curb its appetite for spending—can move toward a balanced budget.

Referring to the estimated expenditures the editorial concluded:

> This enormous spending does not boost the economy, but throttles it; does not increase the number of jobs, but reduces them; does not provide "security", but makes every Canadian—employed or unemployed—the less secure. Canada's economy cannot afford this sort of profligacy; the December tax returns show it; Mr. Fleming should see them for what they are—handwriting on the wall.

As I have just said the cessation of expansion in our economy is largely responsible for the situation. I quote from an article by Mr. Ronald Anderson in the Toronto *Globe and Mail* of January 26, 1961:

> Canada's economic growth has slowed almost to a standstill during the past four years. Since 1956 the dollar value of the gross national product has increased by 16 per cent, but in volume terms the gain was less than 6 per cent.

When we consider this situation of very high expenditures which is bound to cause anxiety to anyone who has at heart the welfare of the country and the employment of its citizens, we should remind ourselves that all these expenditures come out of our pockets as taxpayers. All of them are made by us directly through taxes or indirectly, if we try to escape this obligation, by runaway inflation. Nevertheless it is true that, in a time of economic stringency or unemployment, emergency tax adjustments may at times have to be made which would certainly not be justified in more normal and expansive conditions.

It is also true that in a time of emergency and stringency, expenditures may have to be made which would not be justified under normal conditions.

It was not very long ago that this government told the country that the solution for our problems was through huge expenditures for public works. That solution which was a phony one from the beginning in the terms in which it was put has, of course, recently been dropped, so to speak, by none other than the Minister of Public Works himself. However, as I have said, in these situations there are times when expenditures which normally would not be justified may have to be made. There are various kinds of expenditures and the government should be very selective when they are made. That selection should be based on the expanding of the economy that the expenditures will create and not on saddling the economy with extra expenditures which will be still there in their effect when the economy has gone through its period of stringency and emergency.

The governor of the Bank of Canada in his very important and interesting report, about which I will have something more to say shortly, has this to say on page 12 with regard to expenditure, and we are being asked this afternoon in this committee to meet at least some of that expenditure:

> In particular, investment in human capital can at times do more for growth of output than investment in physical capital. Improved education in general, higher education for a larger proportion of those leaving high school, technological development and training, scientific research, and the development of skills and aptitudes of the widest diversity as required in modern industry, can produce very marked increases in productivity and in total production.

That substantiates my own argument that if we have to make expenditures in this kind of situation they should be expenditures designed to increase productivity. The governor goes on to say:

> Such an improvement in human capital can help to develop new forms of industry and rapid expansion in the advanced technologies more effectively than can be achieved merely by straining for more and more physical investment whether provided by foreign investors or otherwise.

In the economic and fiscal measures which the government may have to take to provide for the expenditures which they feel are required, there cannot be satisfactory and constructive results without associating measures in the field of economic and fiscal policy with monetary policy itself, indeed, monetary policy is directly related to high expenditures and to deficits. It will be no surprise to the committee, Mr. Chairman, when I say that we feel that in this field of monetary policy there has been a shocking lack of co-ordination between the government and the Bank of Canada, the bank which is responsible for action in the monetary field, though in our view the government itself must remain responsible ultimately for the policies within which action is taken.

This matter has caused a great deal of discussion in the country and has a direct bearing on today's request for supply. It arose the other day at the Conservative convention. When the Minister of Finance was asked a

question on the subject he is reported in the Toronto *Star* as having replied as follows:

> ... the Bank of Canada was responsible for monetary policy while the government was concerned with fiscal matters. However, since both fields offered an opportunity to deal with economic problems, their policies should be parallel and harmonious.

Of course, Mr. Chairman, the minister is correct in saying that their policies should be parallel and harmonious; and surely it is the responsibility of any government to take steps to ensure, by accepting responsibility for policy, that these policies are parallel and harmonious. Yet the government has refused not only to take the steps that are required but to accept any responsibility for taking those steps. Again, I quote the following from the *Globe and Mail* of February 23, 1961.

Mr. Pallett: You should quote this morning's *Globe and Mail.*

Mr. Pearson: I read the *Globe and Mail* every morning. The editorial reads in part as follows:

> It is pitiful to see a minister of the crown so clearly contradicting himself for the sake of political expediency.

The editorial is dealing with the question of responsibility for monetary policy.

> Yet we can stand the humiliation of a minister. What is not tolerable is that a responsible minister, for the sake of political expediency, should perpetuate and spread, within the country and abroad, dangerous confusion concerning economic policy.

Mr. Martin (Essex East): Particularly the Minister of Finance.

Mr. Pearson: Within the country and abroad, says the *Globe and Mail,* it is intolerable that a responsible minister, for the sake of political expediency, should perpetuate and spread this dangerous confusion. Surely it is time that parliament looked into this matter to see what can be done to remove these confusions and to ensure, in the words of the minister, that in the field of monetary policy the Bank of Canada and the government should be harmonious and proceeding on parallel courses. That is why we have been asking the government for weeks now to refer this very important report of the Bank of Canada to a committee of the house. Indeed, it is perhaps the most important report by the Bank of Canada that has yet appeared. We asked for this procedure before the report itself appeared and in answer to earlier questions we were told that when the time came shortly for the tabling of the report that would be the time to decide what should be done about it.

After the report was tabled we asked again that it should be submitted to a committee. In fact, I asked the Prime Minister only yesterday to have the report submitted to the banking and commerce committee of the house for purposes which I have already indicated are so important, and the Prime Minister stated in reply that this was a matter for determination by the committee itself. We are asking now that this report should go to this committee or some special committee. If the banking and commerce committee, because it is overburdened with work or for some other reason, does not wish to examine this most important report dealing with this very important matter, then we ask that it should go to a special committee. The report does not deal only with the most important question of monetary policy. There is much in it that goes beyond monetary policy. Therefore if the banking and commerce committee is not in a position to deal with it we ask that it be submitted to a special committee.

Indeed, Mr. Chairman, this is a course which has already been recommended in an impressive way by the Ottawa *Journal* in an editorial on March 16 from which I can perhaps quote a few words.

> It might be said that the governor of the bank should not have thus to explain his mysteries to parliament—

By appearing before a committee.

> —else in the event he appeared to lose the detachment and dignity that should be his. The *Journal* rejects this.

We on this side reject it too.

> We reject it for we are not suggesting he appear before one of the conventional committees such as banking and commerce, where there would be the conventional push and pull, pouncing and defending, clamour and confusion.

Parenthetically may I say that would seem to be a little hard on the banking and commerce committee. If that committee decided to look into this matter we are confident that it would do a good job, but that is a confidence which is not shared by the editor of the Ottawa *Journal.* The editor goes on to say:

> A smaller and well-selected committee, probing rather political, could surely serve here a purpose as useful to Mr. Coyne as to parliament itself. Mr. Coyne has elected to take his case to the country in public speeches. The *Journal* has commended him for this and for the courage of his assertions. But if he is to step down from the eyrie of his bank to state his views to the people he should also be available to the cross-examination of the people, to the enlightenment of both.

We ask the government to take action which will make possible this examination of the governor's report and of the governor. The Minister of Finance has already indicated, in answer to a question by the hon. member

for Kenora-Rainy River, that he is going to make a report to the house on this matter during the current week.

Mr. Fleming (Eglinton): I did not say a report.

Mr. Pearson: Perhaps "report" is the wrong word.

Mr. Martin (Essex East): An announcement of great significance.

Mr. Pearson: The minister said he would deal with the matter next week, and that is this week. If we are to be informed in due course that a royal commission is to be set up on monetary policy, that will not meet the objectives which we have in mind and which I am attempting to state today. No royal commission, Mr. Chairman, can take away from the members of this committee their right or their duty to examine this matter which is one of immediate and great importance. A royal commission might be used as a device to shelve this whole question for years. We are asking this government for an examination of this matter now on the basis of the report which has been tabled and which, I think I am right in saying, has been considered by a committee of this house in the past.

I hope the minister will be able to reassure us on this point before he asks us to take action in regard to interim supply. I am thinking of an examination of this report not merely because it deals strictly with monetary policy, important though that is. I am thinking of the statements made in this report by the governor of the Bank of Canada which go far beyond monetary policy and which enter the field of fiscal and economic policy. These statements indicate that the governor has some ideas or some proposals which might help this country out of some of its economic difficulties. It is because of the importance of those statements by this important man that I venture, before I sit down, to read from this report, and to substantiate my statement that it goes far beyond the strict operation of monetary policy. I am not criticizing the governor for doing this because it has been done in past reports.

Mr. Coyne has this to say as recorded at the bottom of page 16 of this report:

> Large-scale unemployment is an indication of failure on the part of all of us collectively to make the most effective use of the resources of modern technology and social organization. When the economy as a whole operates at less than full capacity—

That is the situation now with 726,000 people out of work.

> —we are not producing the maximum possible supply of goods and services for use today, either for consumption or for increasing our capacity to provide a higher rate of production and a higher standard of living tomorrow. The nation as a whole suffers real economic loss, and it is avoidable economic loss, in addition to the personal loss and frustration of those particular persons who are seeking work and unable to find it. It seems to me only common sense, when considering the economic, social and personal problems of unemployment, that no price is too great for the community as a whole to pay in order to achieve full production and reduce unemployment to the lowest possible level.

That is a very important, straightforward statement from a man who is in a very responsible position and who has great authority and responsibility in the field of monetary policy. Surely it would be proper to examine the governor and the officials of the bank on statements of that kind. I should like Mr. Coyne to elaborate and perhaps be a little more definite about what can be done to realize the objectives which he has set out in this paragraph and which he says can be realized if the community is willing to do so.

Then the report goes on in this way:

> A central bank must be opposed to inflationary methods which involve excessive monetary expansion.

There can be no quarrel with that statement.

> But the adoption of any policy or any combination of policies directed towards establishing and maintaining full employment, and maintaining a high rate of steadily continuing economic growth without inflation, is not in any way prevented or limited by the central bank or by a sound money policy.

Presumably what the governor of the Bank of Canada means by that is that if there is a sound monetary policy—he asserts that the monetary policy followed by the bank has been sound—then within that policy and without inflation the government can take steps in the fiscal and economic fields to bring about and maintain a high level of employment. As Mr. Coyne puts it:

> There is no financial obstacle to the carrying out in a non-inflationary way of any program which is physically possible, if the community is willing to make the appropriate arrangements and put into effect whatever changes in the use of physical resources and changes in the distribution of real incomes may be involved in such programs.

Something else is required, Mr. Chairman, in addition to the will of the community and that is sound, bold and strong leadership on the part of the government of the day. This is what we are requesting. Every member of the House of Commons has his own responsibility to assist in this regard. Surely it would be desirable, if it is practicable, to have this report and the matters contained in it submitted to a committee of this House of Commons.

I should like to give one more quotation from Mr. Coyne, following what I have just read. He says:

These are the real factors involved, which cannot be avoided, whatever method be favoured to deal with them.

He is talking about the will of the community to take action. I have added the requirement of sound, bold and strong leadership on the part of the government. He says:

Inflation itself is one method of inducing changes and adjustments in the use of physical resources and in the distribution of real incomes—but there must be more equitable and efficient ways, better ways of sharing the real costs and ultimate benefits of full employment policy and other constructive economic and social policies.

These are impressive words in an impressive and, in some respects perhaps, controversial report. Because it is so impressive and because in some respects it is controversial this report should be examined by a committee of this house. This matter should not be referred to any royal commission as a device for avoiding a parliamentary examination. Therefore, before supply is granted, we ask the minister, whether or not he can give us some reassurance that this procedure will be followed.

Mr. Argue: The country faces at the moment a very grave unemployment situation which, as has been demonstrated in the figures made available today, is steadily worsening. Monetary policy has a very important effect on the economy, the whole problem of unemployment, surplus agricultural commodities and other important economic questions. When the Minister of Finance was in opposition he complained about high interest rates, and about the tight money policy the former government was following. He complained that they were not following a policy of lower interest rates and an expanded money supply. Now that the minister is in office, he seems to be determined to do exactly the opposite of what he recommended when he was in opposition and to adopt policies which are the opposite of those he put forward at that time.

The country faces a grave unemployment situation. The government has failed to deal with it. The statistics cannot be pooh-poohed or laughed off, even if hon. gentlemen opposite would like to do so. These figures not only show 719,000 unemployed in the week ended February 18 but show that in certain parts of Canada this matter of unemployment is extremely serious. They show that 18 per cent of the labour force is unemployed in the Atlantic region. This government has not put forward any program to deal with the problems in that region. When questions regarding coal policy are raised the government holds a conference but does not decide upon any policy. There is almost one person in five unemployed in the maritimes.

[Mr. Pearson.]

The figures show that 14.5 per cent of the labour force is unemployed in Quebec. This means that one person in seven suffers all the miseries of hardship, physical and mental, which flow from such a situation. Still the government does not act. Apparently the government is not concerned about this unemployment because it refuses to take steps to find a solution to the problem.

Let us consider these figures in regard to the prairie region where we find a better situation than that in the rest of Canada but still 7.1 per cent of the labour force is unemployed, or one person in 14.

The unemployment situation in the Pacific region is exceedingly bad, with 13.9 per cent of the labour force unemployed, or approximately one person in seven.

In the province of Ontario these figures show that 8.6 per cent of the labour force is unemployed. This a serious situation. It is not quite as bad as the national average, but still it is severe. This indicates that one person in 12 is unemployed. Although the province of Ontario is relatively better off in regard to unemployment than are most of the other provinces, nevertheless, in the great city of Toronto public welfare officers have made the statement that there is hunger in the city, that people are suffering from the lack of food. In spite of this situation the government fails to take any action with regard to monetary and other policies.

The governor of the Bank of Canada has been criticized very severely in recent days. The Minister of Finance takes a rather strange attitude towards this criticism. He states that the Bank of Canada is entirely separate from the government. The Minister of Finance states that he is not responsible for anything the Bank of Canada does, or for any statement made by the governor of the Bank of Canada. According to the Minister of Finance the Bank of Canada and the governor are laws unto themselves. Although this seems to be an alibi that the minister is putting forward, it would seem to me that the government must agree with the policies that are followed by the Bank of Canada or the government would change those policies. Surely in our democracy we have not yet arrived at the point where the government can say that all of these things are the responsibility of the Bank of Canada, that the government has abdicated its responsibility and that the Bank of Canada is running the country.

I believe the record will show that I made this suggestion first during this session, but in any event the opposition members of both parties have asked time after time that this whole question of monetary policy be referred

to the banking and commerce committee. The minister has taken a non-committal attitude in this regard. He has not said that this will not be done or that he opposed it, but has just not taken any step to see that it is done. When I asked him a question in this regard on December 8 he replied that the annual report of the Bank of Canada had not been received but that when it was received the house could take action if it wished to do so. I suggest that now is the time for the government to send that annual report to the banking and commerce committee where a full inquiry can be made into central bank policies and into depressed economic conditions which exist throughout the country. I would suggest that it is perhaps of greater importance that an inquiry be made into the financial policies which are now being followed by the government, and in order to regularize such a procedure I would suggest that this parliament should refer not only the Bank of Canada report to that committee but also the estimates of the Department of Finance. The Minister of Finance should also be available to that committee in order to answer questions. Let us turn the spotlight of public opinion on this colossal failure of the government to deal with the economic crisis currently facing the Canadian nation.

Instead of dealing with this unemployment problem the government seems determined to adopt measures that will make a solution more difficult. High interest rates have made borrowings by provincial governments very difficult. High interest rates have rendered the whole question of municipal finances almost unbearable. Nevertheless the minister is apparently content with the very high interest rates being paid in this country today. They may be all right from the minister's point of view because the government has almost unlimited powers of taxation, but they are certainly not all right from the point of view of provincial governments, many of which have been forced into deficit budget positions, a situation which has placed unbearable burdens on the municipalities in this country. I suggest that now is the time for the government to end this high interest rate policy and to reduce the interest rate as a start on a program that will provide full employment.

It would be interesting to have the governor of the Bank of Canada before the banking and commerce committee because he has said that he knows how to solve the unemployment problem without any inflation taking place. This is the man with the greatest responsibility in regard to monetary policy in Canada and he says in his annual report that we in Canada can have full employment without inflation. Apparently this government is not prepared to have his programs spelled out by having Mr. Coyne appear before the banking and commerce committee.

If the Minister of Finance is not interested in the question of recession and widespread unemployment personally, he should be interested from a political standpoint. Not only is the country suffering generally from unemployment. I would suggest there is every indication that the Tory party is suffering through its failure to solve the problem.

The governor of the Bank of Canada has said in his report that there is no financial obstacle to the carrying out in a non-inflationary way of any program which is physically possible, if the community is willing to make the appropriate arrangements and to put into effect whatever changes in the use of physical resources and changes in the distribution of real incomes may be involved in such programs. The governor of the Bank of Canada says further that we can have full production and full employment, and can do all of these things in a non-inflationary way. The Minister of Finance on the other hand apparently does not want to hear about this, and does not want to listen to Mr. Coyne give details of this program. He refuses to have this annual report considered by the banking and commerce committee, but I would suggest that is the way in which to deal with this subject.

I would suggest that the way to deal with the problem of unemployment in Canada today is quite clear.

The government has to undertake policies of the same kind as those that were undertaken by a Liberal administration during the war. This problem has to be attacked by an expansion in the money supply, by an increase in the purchasing power in the pockets of the people of this country and by calling on the people of this nation to invest their own money in the productive resources of our own country and not to depend on United States money. This policy should be followed by one of price regulations when necessary in order to prevent an increase in the general price level.

Mr. Fleming (Eglinton): Mr. Chairman, would the hon. member permit a question? He is of course familiar with the debates we used to have years ago on this subject, and he understands that it was pointed out by those who were administering price controls that they could not enforce them without wage controls. Do I understand that the hon. member is advocating wage controls as well?

Mr. Argue: I know that the minister thinks this is a really tough question, but I do not

think so. I think wage control flows from price control. You do not have to set a rigid control on wages in order to have the level of wages influenced and largely controlled by the price level. Show me any depressed industry in Canada today and I will show you an industry where wages are low.

There is no arbitrary control of the wage level in the coal industry, but wages are low. There is an arbitrary control at the moment although there have been attempts in the past—and we may get a dose of it soon—to freeze the wages of the railway workers, but they are very much controlled because in recent years this industry has not been one of much profit.

Therefore in answer to the question of the Minister of Finance I would reply that we in this party say there should be a control of prices in the key industries in this country. If you regulate prices, this control in itself has a very definite influence on wages. I may say to the minister that some of the people most strongly in support of price regulations are the workers and their organizations who would be affected, along with other Canadians, by any such policy being followed.

However, I think we have an issue at the moment, as the Prime Minister has so aptly put it, between free enterprise and socialism. The government is so married to the free enterprise system, and it so loves the profits of the big corporations and the high interest rates paid to the finance institutions of this country that it refuses to take the steps necessary to solve the unemployment crisis because this might mean some control of the economy.

We know that the Liberal party is not in favour of controls. They have said all along that they would not go for price regulations. They are also a free enterprise party.

Mr. Martin (Essex East): You do not know what you are talking about.

Mr. Argue: They are strong in condemnation but they are short on programs and alternative procedures.

Mr. Martin (Essex East): Keep the debate on an objective plane.

Mr. Argue: Coming from the hon. member for Essex East, this is rather difficult to take, because I think the hon. member is probably the least objective member of the house.

An hon. Member: But he is not a socialist.

Mr. Argue: However, he will have an opportunity in a few moments, no doubt, to deal with this matter. The hon. member for Essex East has so much difficulty with his own statements that he should not worry about the content of statements of other hon. members.

We shall undoubtedly hear the policy of the Liberal party when the hon. member for Essex East makes his contribution, and I look forward to it very much. However, I very much doubt that the Liberal party will come out in favour of price regulations along with a massive attack on unemployment. They say they can make a few short cuts and a few tiny modifications that will allow big business to run the country in the future as it does today. But they say they are going to solve the problem of unemployment, where the Conservatives have failed.

The Liberal party has a long record in this country, and in past years there has been very high unemployment under a Liberal government.

Mr. Martin (Essex East): That is not the fact.

Mr. Argue: I suggest that the minister should consider the plea that has been made to him this afternoon to have the annual report of the Bank of Canada referred to the banking and commerce committee. I would ask him to also consider referring the estimates of the Department of Finance to this committee. Let us have a full public inquiry. Let us find out how Mr. Coyne and other experts can deal with the very difficult recession in which this country now finds itself.

Mr. Chevrier: Mr. Chairman, in introducing his remarks earlier this afternoon the Leader of the Opposition spoke of the historic and constitutional right which members of parliament have on an occasion such as this. That right is to raise grievances or deal with matters concerning which the Minister of Finance is now seeking interim supply.

There is one such matter with which I should like to deal, and I should like to do so in an objective and constructive manner. It concerns a subject matter which has been under discussion here on a number of occasions, and it concerns a very important industry which exists in several parts of Canada but more particularly in the provinces of Quebec and Ontario. I refer, of course, to the position of the textile industry.

During the course of the brief remarks which I intend to make I should like to put forward to the minister and the government certain suggestions which I believe are of a constructive nature. I would ask the minister and the government to give consideration to these suggestions.

It has been stated repeatedly in this house and outside that Quebec's big, important textile industry is struggling hard to "hang on".

This statement is contained in an article by Eric Richter in the *Financial Post* of February 4. The following is stated therein:

For most of the province's 370-odd mills and establishments, 1960 results were disappointing, even when measured against the "lean" years the textile industry has had in the past decade.

As the house knows, evidence was given before the manpower committee of the other place by the president of the primary textiles institute who stated that imported textiles cost 35,000 jobs in the Canadian textile industry last year and that the situation is going to get worse unless something is done.

In this morning's *Globe and Mail* there appears an article which I am sure the Minister of Finance, the Minister of Trade and Commerce and the Minister of National Revenue have seen. The article is entitled:

Looking into business
The quiet Canadians were not exactly wasting their time.

I shall read but one paragraph. It is by-lined "Hong Kong, March 21" and reads:

Finance Minister Donald Fleming's special Hong Kong mission aimed at persuading local textile manufacturers to limit their exports to Canada was doomed to failure even before it started. Yet it shouldn't be thought that the mission was a waste of time. Mr. Fleming sent to Hong Kong the director-general of the international and economic affairs branch, S. S. Reisman, and two colleagues. Canada's trade commissioners in Hong Kong, C. M. Forsyth-Smith and C. J. Small also assisted the three Ottawa delegates in their talks with local exporters, textile producers and government officials.

Although the Canadians did not convince Hong Kong's textile men that they should impose voluntary restraints, both sides at least came to grips with a problem that is causing increasing concern in Canada's textile industry. Despite a huge mark-up at the Canadian end, Hong Kong shirts, for example, often sell at half or two thirds of the price of Canadian-made shirts.

There is no doubt that the situation is a very serious one. That fact has been emphasized by the recent closing of two mills at Grand'Mère—the Grand'Mère Knitting Company mill and the Grand'Mère Handcraft Company mill—as revealed in an article published in *La Presse* on March 15 entitled "Decision Brutale a Grand'Mère". The two mills closed down and put out of work no less than 300 employees who are now looking for other employment. Of course, the committee knows —and I need not repeat it—that mills in the vicinity of Hamilton, three mills in the community of Cornwall and mills elsewhere have closed down. My purpose in rising this afternoon is not to stress that aspect of the situation but rather to offer the minister some ideas of a constructive nature. I do not pose as an expert; indeed, I am far from being an expert on this very important question but there are others who are experts. I have been in consultation with someone who is an expert in this field. I have spent some time with him, and any credit that there may be for the suggestions I am about to put on record must go to this individual and not to me.

Mr. Bell (Carleton): Would the hon. gentleman say who he is?

Mr. Chevrier: I would rather not do so, but I should be happy to give the hon. parliamentary secretary the pamphlets which I have in mind and which have been written by him. This individual has written three pamphlets on this important subject. The first is entitled: "What the Canadian Textile Industry can Produce which it is not now Producing". The second is called: "How the Canadian Textile Industry can Compete with Imports". The third is entitled: "How the Canadian Textile Industry can Export". These are three pamphlets which I shall be glad at any time to show to the Minister of Finance, the Minister of Trade and Commerce, the Minister of National Revenue or their parliamentary secretaries for them to consider. As I said earlier, any credit for the suggestions contained in them should go to this individual and to nobody else, if they are found to be sound.

I have attempted to summarize as briefly as possible the main contents of these pamphlets. It is, of course, impossible in the 15 or 20 minutes at my disposal to give a complete summary of what is contained in these briefs, but I should like to put on record the main suggestions which are contained therein because I believe they are worthy of careful consideration.

The primary textile industry in Canada ranks second among the manufacturing industries of this country. No one in this committee, I am sure, will dispute the fact that this industry has fallen on very hard times in recent years. Even though some of the new textile companies may be efficient, there is an evident need for more co-ordination of effort on the part of all the component parts of the textile industry. For example, there is a need for better marketing techniques, more imaginative processing, better and greatly increased research methods, more investigation of new projects and a firmer will to export. All of these ideas need to permeate the Canadian textile industry.

Because the industry is so important to the Canadian economy, one might have thought that the Department of Trade and Commerce would already have taken steps to bring about some of this co-ordination. However, this appears not to be the case. I make this statement knowing full well that the Minister of Trade and Commerce called a conference of all the trade commissioners here in Canada. Whether or not there were

present experts or representatives of the textile industry I am unable to say. However, I do not believe there was any decision on the part of those who were convened in the office of the minister on that occasion to seek to encourage the export of textile goods from this country. It may be that the new productivity council which was established recently by the government will provide an agency allowing the necessary co-ordination to be done. However, from the composition and the limited terms of reference of the productivity council it does not appear likely that this would be so.

I should like now to make a specific suggestion that the government should take the lead in bringing together various members of the textile industry and assisting them in the formation of a textile co-ordinating council. That is one of the many suggestions recommended in these three briefs. Some of the functions of this council would be as follows:

(a) The investigation of better or cheaper sources of raw materials and the study of their applications.

(b) Preparation of a detailed study of all existing textile processes from preparatory operations through blending, weaving, knitting, felting, dyeing, and finishing with a view to improving the quality and versatility of the end products.

(c) Improvement of merchandising, starting with accurate labelling and proceeding through consumer education.

(d) Continuous research in the field of development of new fibres; detailed studies of their properties and limitations.

(e) Encouraging industry to develop new techniques necessary to fully utilize newly developed synthetic fibres.

(f) Analysis of consumer demands in development of products which are custom-built to meet these demands.

(g) Collection and indexing of technical and statistical data on all phases of the textile industry in all parts of the world.

(h) Perhaps the council could consider the organization and maintenance of a Canadian textile museum containing representative samples of all available textile products.

(j) The council could act as technical adviser to the government and legislation pertaining to the textile industry. The council should develop very close relationship with the Department of Trade and Commerce.

The need, therefore, for this co-ordinating body seems to be painfully evident. The fact that the industry has difficulty in competing with imports indicates that development work on new products is far behind, and for that reason I strongly urge the government to give serious consideration to the formation of a textile co-ordinating council. It seems to me this might be done either separately or as a subcommittee of the productivity council, although because of the importance of the industry it would perhaps be far better if it were established separately and apart from the productivity council.

There are in addition two areas in which this co-ordinating council could be of great assistance to the textile industry and I should like to further elaborate on this matter. The first is the encouragement of the industry to do research into new products and to use the resources of Canada in manufacturing these new products. One illustration of the type of research I envisage is this. It stands to reason that we should use the great amount of wood pulp that we possess in this country. This could be done if we were to manufacture viscose. If we were to blend 20 per cent viscose with 80 per cent cotton this would mean better products and more use of Canadian resources. The production of the necessary amount of viscose would provide for thousands of Canadian workers and employment resulting from the use of our natural resources in imaginative processes. This ought to be, surely, our first aim.

I have before me a note indicating that we use in Canada about 300,000 bales of cotton a year. I am informed that if we were to mix 80 per cent of that baled cotton with 20 per cent viscose this would mean that an industry such as Courtauld's (Canada) Limited, for instance, would have to produce about 30 million pounds more viscose. It would mean thousands more jobs in substituting the viscose for the baled cotton.

I am also informed that there may be other areas in Canada where viscose might be produced. If after a careful study by the textile council as to whether or not this can be done—and I am informed from authoritative sources that it can be done—then here is a method by which not only can competition be better met but, more particularly, additional jobs can be obtained.

It has also been pointed out to me that in the opening of the vast regions of our north country we are faced with the problem of building roads on muskeg. We ought to investigate woven and non-woven fabrics which could be instrumental in overcoming the peculiar difficulties connected with this problem in the north country. In that area there are also a number of other needs to which the textile industry could contribute a solution. For example the present tents could be improved with the thermo insulation built into the fibre. Arctic clothing will have to have the insulation built into the fibre and into the woven, non-woven or

knitted fabric. There are many other imaginative ways in which the textile industry could develop products for the north.

The number of new products which could be utilized staggers the imagination. Let me give the committee a few illustrations. As the committee knows, there is a great need for light-weight strong filaments, fibres, yarns, threads and rope. There is also no chenille to speak of produced in Canada. There is a need for various types of chenille which can be produced with blends of cotton, wool or silk. Such a product has innumerable applications never before produced in Canada such as knitted chenille outer wear, head squares, shawls, sport shawls, travelling plaids, chenille bathing and beach wear.

In the field of woollens and worsteds, by blending with high priced fibres like vicuna, camel hair, kemp and mohair products of an exceptionally high quality can be produced. New products like woollen chenille and woollen and silk-blended chenille which have innumerable uses for fine outer wear are possible.

As the committee knows, in the province of Quebec there is a special situation. There are in that province skilled workers who for many years have been directing their attention to a large number of articles that have a particular attraction in the province. There are, for example, wonderful local products the market for which could be greatly enlarged. I refer to such things as blankets, hooked rugs, shawls, felt slippers and felt skirts. None of these products is now being merchandised nearly enough.

Another product is the very popular Quebec blanket. This is a typical Quebec small industry. Some of these blankets have wonderful designs and there is a fantastic potential market for them with the proper merchandising. Long range policies for these articles in the province of Quebec should be given consideration and in order to give them the sales interest which they should have, we must be ahead of everyone else. We must have good research and consideration must be given to creating attractive designs and selling these goods in quantity in other countries. How is it, for instance, that articles made in Switzerland such as woollen sweaters and blankets are being sold here sometimes in greater numbers than are our own products simply because of the design?

If it were possible, as these pamphlets indicate, to create a newer design which would bring out, for instance, the Quebec folklore and which would lay emphasis on the art of the province of Quebec, it would then be quite possible to sell an attractive article which would compete here and in other countries.

In the field of plied fabrics there are again many products which should be investigated including items which have never been produced in Canada such as portable kayaks and other portable boats, diving suits and improved anti-gravity suits. These items immediately come to mind.

The second point I wish to elaborate slightly is the fact that there are great potential export markets for these typical Canadian products. Here I am willing to pay tribute to the Department of Trade and Commerce. It is encouraging to see that department is livening up in the area of increased Canadian exports. The textile industry badly needs similar stimulus for export. It urgently requires all types of information relating to exports such as foreign market conditions, shipping requirements, foreign prices and the like.

If the government would take the initiative in setting up this textile co-ordinating council which has been recommended, most of the information needed to stimulate export could be made readily available to the textile industry. By integrating the components of the textile industry in this country, the textile co-ordinating council could make a great contribution to the vitality of this major Canadian industry and could provide jobs for thousands of Canadian workers.

All I ask of the government and of the Minister of Finance and his colleagues who I am sure are interested in this industry, is that consideration be given to the suggestions I have made and to the contents of these three pamphlets to which I have referred. I urge them to consider the suggestions of an expert in this field who has had a great deal to do with matters such as this and who has already been in communication with a large number of textile industries in the central part of Canada. If that consideration is given I would hope the government will see fit, having regard to all the circumstances, to establish a textile council which would co-ordinate all activities of that industry.

(Translation):

Mr. Pigeon: Mr. Chairman, would the hon. member for Laurier (Mr. Chevrier) allow me a question? As an alternative, would the hon. member support an increase in the tariff covering the textile industry?

Mr. Chevrier: Mr. Chairman, I have already answered that question about a week ago during a discussion in the house, when I put on *Hansard* five or six suggestions which, in

my view, would help the textile industry. A raise in the tariff was not included in those proposals.

(Text):

Mr. Martin (Essex East): Mr. Chairman, the speech made this afternoon by the Leader of the Opposition, it seems to me, touches the most important issue before parliament at this time, because the implications of the report presented by the governor of the Bank of Canada touch the heart of the major problem that confronts us in Canada. I join in the remarks he has made today and support them because of the apparent reluctance of the Minister of Finance to deal with them. Certainly this reluctance has been displayed not only during this debate but whenever the question has been raised.

The question takes on added importance in the light of the disclosure yesterday and the formal release this morning of the figures as to the present unemployment situation. These figures show that our labour force is down 33,000 compared with the previous reported period. It is the first decrease, by the way, since 1958. They show employment down 59,000 compared with the previous reported period. It also indicates that it is up only 25,000 over the figure of a year ago. In addition, of course, there is the dismal news that the present unemployment figure in our country on the basis of the lowest accepted standard, that of the dominion bureau of statistics, is 719,000.

This is a record figure, and it would seem to me that when the governor of the Bank of Canada deals with the capacity of this nation to provide full employment the government, and in particular the Minister of Finance, will be remiss if the statement made so ably today by the Leader of the Opposition is not answered. The unemployment statistics establish also that they are higher by 121,000 than they were a year ago, for the same period, and that they represent an increase of 26,000 over the previous month.

I am happy to note that the increase is not as great as one had been led to believe from the indices. The satisfaction one derives from the present figure is certainly less than one might have hoped. I would hope it is an indication that forces of growth are present that might lead to an end of the recession but from what we now know there is no reason to believe that this necessarily will be accompanied by a reduction on a proportionate basis of unemployment itself.

It seems to me that this is an issue to which the Minister of Finance cannot fail to address himself. He can take the position that he does not propose to answer the observations made by the Leader of the Opposition. He can take the position that the report of the governor of the Bank of Canada is a matter only for parliament. He can take the position that he refuses to say whether or not he is prepared to support the move to have the governor of the Bank of Canada appear before the banking and commerce or any other committee, designed for that purpose by this house. He can take all of these positions. He can sit mute and refuse to make any acknowledgement whatsoever; but if that is the position that he will ultimately take, all I would say, is that he will warrant the criticisms made a few weeks ago by the Toronto *Globe and Mail* with regard to what he had to say on a matter not unrelated to this question.

If the observations made by the governor of the Bank of Canada do not stand in the position of opposing the policies of the government, they at least stand in the position that there are no known declarations made by any of the ministers of the government, more particularly the Minister of Finance, that support the contentions made by the governor of the Bank of Canada. The government, when it is confronted with the problem of unemployment, now says that the responsibility lies on labour and on management. That is not what the governor of the Bank of Canada says. This is not the only inconsistency between the position taken by the government and that taken by the governor of the Bank of Canada, as the Leader of the Opposition indicated in a number of references he made to the recent report of the governor of the bank. I add these further observations of the governor of the Bank of Canada. As found on page 23 of his report to parliament he has this to say at the bottom of the page:

> If I may quote from a recent speech by the governor of the Bank of England, "... A theme which I have myself argued for many years past is that monetary policy cannot cure all ills, and that it is a great mistake to expect it to carry loads which should be carried in other fields of government policy."

That statement is approved by the governor of the Bank of Canada and he then goes on to say:

> Lord Cobbold was speaking in this context about the problems of restraining the excesses of a boom, but his theme applies with even greater force to the problems of overcoming recession and promoting a satisfactory rate of sustained economic growth.

Does the Minister of Finance agree with that statement? On page 14 of his report the governor says:

> At a time of relatively high unemployment in Canada, it is difficult to avoid the conclusion that the continuing very large deficit in the balance of payments is not only disadvantageous in itself but is indicative of an excessive capital inflow as well as structural weaknesses in the Canadian economy which result in excessive aggregate spending on goods and services provided from abroad

to the detriment of the production of goods and services of a similar character in Canada.

Mr. Lambert: That was your argument too.

Mr. Martin (Essex East): I refer now to pages 15 and 16, and I invite the vigilant member for Edmonton West to pay attention to these words. The governor has this to say:

Analysis of our situation seems to me to indicate that the approach to higher employment and output—

I would hope that the Minister of Finance would find it desirable to listen to what is being said.

—should be through measures designed to reduce the large deficit in our current account balance of payments, and through increases in spending of a selective character likely to increase production in Canada, rather than through measures designed to raise the level of total spending by Canadians.

I call the minister's attention to these words.

I am sure that there are many more possible ways of setting up incentives directed towards these goals than is generally realized. One would hope for the most imaginative and thorough canvass of the possibilities and widespread discussion by those who are interested.

I would assume that among those who are interested would be the Minister of Finance and the government of Canada. The governor concludes that paragraph by saying:

Ultimate decisions must rest with the appropriate governmental authorities in accordance with their best assessment of what the national interest and welfare requires.

That statement, the other statements I have quoted and those put on the record by the Leader of the Opposition indicate that the governor of the Bank of Canada does not, and properly so, take responsibility for anything other than monetary policy. He says the monetary policy by itself cannot provide full employment. He then goes on to establish that he, as governor of the Bank of Canada, believes there are within this nation capacities and instruments by which we can achieve full employment. We are asking for the opportunity to ascertain from the governor of the Bank of Canada the details of his remedies. Once we have ascertained what those details are, we want to find out whether or not the government of Canada agrees with them. In that event, we want to find out why the government of Canada has not adopted the proposals made by the governor of the Bank of Canada. We should like to interrogate the governor in order to ascertain whether or not the government has, in fact, sought to make an appreciation of the value of the recommendations made by the governor.

The governor of the Bank of Canada is an important official under our system of government. However, he is not a sovereignty, in himself, as the Minister of Finance suggested some time ago when he divorced the government of any responsibility whatsoever for the conduct and formulation of monetary policy. But the governor of the Bank of Canada has been given by parliament important powers with regard to monetary policy that admittedly he primarily exercises. This does not mean, of course, that the government has no responsibility in the field of monetary policy. The governor has not been talking about monetary policy. In the main he has been talking from one end of Canada to the other about matters which agitate us in this house and which have to do with our capacity as a free enterprise nation to bring about full employment. If the Bank of Canada is responsible to parliament, it is the duty of this government to see to it that we as individual members of parliament are given an opportunity, through a parliamentary committee or otherwise, to obtain the answers to the questions I have outlined, which are among those that we would want to put to the governor of the Bank of Canada.

I join with the Leader of the Opposition in the stand he has taken today, as I did yesterday, for two reasons. First of all, when we are talking about unemployment in this house we are generally made to confront the Minister of Labour. I have always taken the position that the Minister of Labour—and I do not speak of him in a personal way—is not competent to deal exclusively with the question of unemployment, nor is his department capable of doing so by the nature of its organization. Unemployment is a matter that primarily rests on the doorstep of the Department of Finance, in association with certain other departments of government including the Department of Labour. The second reason is that we are entitled to know, before the committee disposes of the request for interim supply, whether or not the government proposes to by-pass parliament and appoint a royal commission, as was done two years ago in the United Kingdom.

There was justification for the appointment of a royal commission in Great Britain two years ago. The terms of reference given to Lord Radcliffe were altogether different from the terms of reference that arise out of any situation in this country at this time. If a royal commission were designated by the government of Canada to deal with monetary policy, we would be precluded in practice from taking any steps to examine the governor of the Bank of Canada with regard to monetary policy, assuming that the terms of reference of the commission were

so confined. I do not believe we would be so precluded from a constitutional point of view. I want to say this now to the Minister of Finance and to the government. If that is the intention—

Mr. Benidickson: That would be a trick.

Mr. Martin (Essex East): —that would be not only a trick but it would be a violation of the privileges of parliament itself. If that is done I want to say to the government that we will not regard ourselves as being precluded from examining the governor on matters that are not exclusively referred to the royal commission.

There is no reason why, in the event of a royal commission being appointed, we would not be free to summon the governor of the Bank of Canada before a committee of this house and to ask him to divulge to this parliament and to this country the plans about which he has been speaking in a general way from one end of this country to the other for the past year and a quarter. The government cannot hope, therefore, to use this device to free it from a responsibility which now rests on its shoulders, and in particular on those of the Minister of Finance.

Mr. Lambert: Are you setting up your own Aunt Sally?

Mr. Martin (Essex East): I would hope that my hon. friend would be more interested in this subject than in making these inane interruptions which give an indication of the quality of his mind. I had always understood the quality of his mind was higher than these interruptions would indicate.

This is an important matter. This is a matter that goes right to the fundamental issue facing us at the moment. The governor of the Bank of Canada says it is possible to have full employment with varying levels of capital investment and savings, as the history of many countries will show. He made that statement on January 17 when speaking to the annual conference of the business paper editors association in Ottawa. The following day, January 18, the Toronto *Globe and Mail* reported the governor of the bank in these terms:

> "I venture the proposition that it is not healthy and will not be fruitful or successful for a country such as Canada to pursue any other course than to stand on its own feet, finance its own development out of its own savings, and refrain from trying to achieve a rate of economic growth in excess of what its own best efforts can support," he said.

Is that the policy of the government of Canada? We are entitled to know that. We are entitled to know whether or not the Minister of Finance and the governor are in disagreement on this fundamental question. Does the Minister of Finance agree with the statement of the governor of the Bank of Canada as reported on February 4, 1961, when he said:

> It seems to me only common sense... that no price is too great for the community as a whole to pay in order to achieve full production and reduce unemployment to the lowest possible level—

Does the government agree with that statement? Does the government agree with that recommendation made by the governor of the Bank of Canada to reduce unemployment to its lowest possible level?

Does the government agree with the speech made by the governor of the Bank of Canada in St. John's, Newfoundland, on January 31, 1951, when he said the nation as a whole suffers real economic loss, and it is an avoidable economic loss, in addition to the personal loss and frustration of those particular persons who are seeking work and unable to find it? Does the government agree with that statement? When the governor of the Bank of Canada says this, he must have some reason for doing so. We want to know what his reason is.

In the other place today—

Mr. Fleming (Eglinton): Order.

Mr. Martin (Essex East): I am entitled to make this reference, and I think that my hon. friend will acknowledge it. I am entitled to say what took place, not what was said in the other place today. One of the committees of that house has decided today to call the governor of the Bank of Canada before one of its committees. That is what the majority of that place had decided to do.

Mr. Fleming (Eglinton): No.

Mr. Martin (Essex East): My hon. friend says "No", but they have decided to call the governor of the Bank of Canada. I would have thought my hon. friend's intelligence—I do not mean his own intelligence but the intelligence of his department—would have informed him on this fact.

We in this house are the elected representatives of the people. We are the individuals who faced the Canadian nation in 1958 and asked the people to elect us as their representatives and spokesmen in this house. The hon. gentlemen sitting opposite said when they confronted the Canadian electorate that they had a solution to this problem. Because of the fact that we are the elected representatives, the governor of the Bank of Canada, notwithstanding whatever commitment he may have given in that other place, should on that account not be precluded from coming to a committee of the House of Commons and giving us the opportunity of determining the questions which I have put forward today in supporting the position of the Leader of

the Opposition. Then, too, we could examine that most regrettable statement of the Minister of Finance when he accepted no responsibility whatsoever for monetary policy—

Mr. Fleming (Eglinton): Order.

Mr. Martin (Essex East): —which represented a position of abdication of government. My hon. friend says "Order". Why does he say "Order"?

Mr. Fleming (Eglinton): The hon. member is referring to a previous debate in the house dealing with the question.

Mr. Martin (Essex East): Certainly that does not preclude me from making reference to what the Minister of Finance said in respect of monetary policy.

This is the most important issue that has developed in our country in the last few months. The governor of the Bank of Canada is publicly on record as taking a position different from and opposed to the position taken by the government of Canada in the matter of unemployment. That fact having been established, under our system of responsible government, the government cannot sit by without making a reply. We are entitled to have, before this item is disposed of, a reply from the Minister of Finance. Surely we are entitled to expect, as are the Canadian people, that the minister will deal with the statements in the Bank of Canada report, that he will say whether it is possible at the present time to develop policies that will provide full employment as has been asserted by the governor of the Bank of Canada. If the government persists in being immobile and inarticulate in the matter, then it warrants the criticism that is being levelled against it.

The Minister of Finance is a man who I know takes his public duties seriously. Much as I may criticize him now and may continue to criticize him, I would not ever deny that fact; but he will greatly disappoint me and many other people in this country, who have great faith in his integrity and in the honourable way in which he pursues his assignment, if he does not reply to the statements which have been made. He knows the implications of Canadian constitutional history and of British constitutional history. Surely he cannot ignore the bank's report which is a condemnation of the government of Canada, expressed in able and dignified terms, but not lacking on that account in cogency or pointedness. We in turn cannot escape our responsibility any longer, in allowing the two sovereignties, as the Minister of Finance implied the other day, to co-exist in this country. There is only one sovereignty in Canada, and that is the people represented by constituted authority, the government of the day. There can be no other authority. The Minister of Finance or the government cannot allow a public official, no matter who that official may be, to parade from one end of this country to another enunciating publicly economic doctrines which he believes should form government policy. It is wrong to allow this to go on without intervention by the government, or any discipline being imposed. The government must affirm that the governor of the bank cannot go on in that manner, and stay within his present assignment if these views are persisted in and publicly declared. For the minister or the government to take any other course is, on the part of this government, an abdication of its responsibilities. This is making the government look silly and is putting it in a subservient position.

If the governor of the Bank of Canada is entitled to express views that are contrary to those expressed by the government of Canada why then are the military staff, the air chief, and the naval chief not allowed to express opinions in public or before Canadian clubs, boards of trade or universities? That of course would be a most unfortunate permission to extend to any military officer and would be a violation of our concept of government. That is exactly what is being done at the present time in an equally important field—the economic field—by the governor of the Bank of Canada. Not one word has been said by this government, to the knowledge of the Canadian people or this parliament, as to whether the government has expressed its view with respect to the propriety of this course. The governor of the Bank of Canada is a very able man and has been well trained for the high post he occupies. He must know the extent of his authority. He must know that his authority is limited to monetary policy. If he persists, as he does, in making these declarations on such a wide economic front, he must be doing it for a purpose. I suggest that purpose is clear. He is concerned about the results of government policy and particularly the policy of the Department of Finance and the consequences of those policies. He must feel that he is serving his country best by making these declarations which are tantamount to warnings to the Canadian people. What other conclusion can one come to?

Mr. Fleming (Eglinton): If that is what the governor is seeking to do, does the hon. member approve of such a course of action?

Mr. Martin (Essex East): I certainly do not approve. I am stating that I do not believe

that under our system of government it is right or proper for a government official, in areas of authority not specifically extended to him by parliament, to take in public a position that puts him in disagreement with the government of the day. That is the position I take. What I have just been saying is that if the governor takes that position, he must be doing it because he feels that, with his knowledge as governor of the Bank of Canada, he owes it to the country to speak in this way and thereby to warn the people about the consequences of present government policy. That can be the only conclusion one can come to when these things are said by a man so reasonable and so well equipped for his job as is the governor of the Bank of Canada.

The Deputy Chairman (Mr. Rea): Order. I must advise the hon. member that his time has expired.

Mr. Howard: Mr. Chairman, not being of the same political complexion as one might assume the governor of the Bank of Canada to be, I cannot be so laudatory of him as was the hon. member for Essex East. However, we do know that ever since this government took office there has been a growing conflict between the governor of the Bank of Canada, the Minister of Finance and government policy generally. There has been a growing desire on the part of the government to abdicate their responsibility in the fiscal and monetary field whenever they deem it expedient to do so.

We can recall those short days when we had a minority government before the election of 1958. During that period of time the Minister of Finance, who was not then the minister, and some of his colleagues campaigned on the basis of high interest rates, how they would fix the economy, how parliament would again have sole jurisdiction, and things of that nature. Hardly had the ink dried on these comments and the election been finished when the Minister of Justice, who was then minister of citizenship and immigration or the acting minister, came to British Columbia and attended a series of meetings.

One of these meetings was held on the campus of the University of British Columbia. The minister renounced all responsibility in the monetary field on the part of his government and himself. He said that everything that had been going wrong was really the fault of the Bank of Canada and that the government itself had no responsibility. Perhaps what he was saying indirectly was that the government really had no interest in tackling this major question of monetary policy and its effect upon and relationship to the economy. The Minister of Finance on various occasions has been engaged in making similar comments.

As I mentioned, Mr. Chairman, one of the key-note cries of the Tories before the 1957 election—I do not think we need dwell on them too long—concerned the question of tight money and how with a tight money policy the Liberals had dragged the economy into a recession or a rolling readjustment, or whatever phrase was used. It was said that all we had to do to solve all these problems was to elect the hon. member for Eglinton and his friends who would then become the government and would straighten it all out. But we have seen nothing straightened out. In reality the position has worsened, and it worsens as each day passes. To confirm this statement we have only to witness the figures which were released prematurely yesterday but which officially came to the attention of hon. members this morning.

At this time it appears that the government does not want to do anything about this situation. The Minister of Finance knows full well that the higher interest rates which he himself imposed foisted upon the Canadian taxpayers an extra burden to the tune of millions and millions of dollars and in reality constitute a drain on the purchasing power of the people of this nation.

I do not understand how on the one hand the minister can endorse this method of draining off the taxpayer's dollar while on the other hand his colleagues say, "Go out and spend yourself into prosperity". How this government can reconcile those two approaches is beyond my understanding. If ever schizophrenia existed in government, it exists here. We all know that this government spent so many years in opposition that it really has not much of a clue on how to conduct the affairs of state. It has so mismanaged the affairs that come under its jurisdiction, especially in the monetary field, that we have existing the condition that was announced today in so far as the number of unemployed is concerned.

Perhaps I may refer to that matter. The figures indicate that in my own province nearly 14 per cent of the work force is unemployed. This may not mean much to the Minister of Finance, who comes from Toronto and has relatively little concern or knowledge about what happens in other parts of the nation. Perhaps Ontario, with 8.6 per cent of its work force unemployed, seems rather insignificant to the minister. However, the figure is 13.9 per cent in British Columbia and it is higher in the maritimes. This is something that should concern the Minister of Finance more than it does.

We know there is conflict between the governor of the Bank of Canada and the Minister of Finance about what should be done, one taking a course of action that is in reality critical of the government in office and the other, namely the Minister of Finance, sitting idly by, engrossed in some book or other and not too much concerned about these matters.

We have listened to a very severe and biting indictment of the Minister of Finance and his government delivered by the hon. member who just resumed his seat, the hon. member for Assiniboia and others. These criticisms have been made not only today; they have been made on other occasions, both inside and outside the house. There have been complaints about the silly and childish way in which this government and this minister approach the question of our economy.

These are justifiable complaints when we have 700,000 of our potential working force sitting idly around, not knowing where their next dollar is coming from, while the Minister of Finance also sits idly around and obviously does not worry too much about it. "After all, spring came just the other day; there is no need to do anything about it," is the approach of this government. Perhaps the Minister of Finance should advise his colleague the Minister of Labour, to change the "Do It Now" slogan to "Why Wait For Summer; Do It Now".

In the minds of the minister and his colleagues this sort of thing might help, and this is the fullest extent to which this government is prepared to go. Their attitude is, "Let somebody else do it." So far as concrete and definite action to deal with the unemployment situation is concerned, this government has not the faintest idea what to do.

The Minister of Finance sits quietly in his seat asking the infrequent question and commenting occasionally. He sits here while all this controversy is raging as it has raged particularly today. I think that is only another indication of how lightly he takes his responsibility toward the unemployed of this nation.

I think the Minister of Finance should have been one of the first in the house to rise and announce specifically what is government policy in this field, or what is going to occur and how they are going to deal with the questions raised by the governor of the Bank of Canada in his annual report.

Are the government going to arrange, as they should, to open up these documents and the policies to the public eye? Are the government going to approach the question by allowing the annual report of the governor of the Bank of Canada to be made available for study by the banking and commerce committee or some other special committee? Is this what is going to happen?

What is the approach of the government in so far as interest rates are concerned? What about the need, if it exists—and I think the need is very quickly approaching—for a new bond conversion program to get the minister out of the difficulty he got himself into a couple of years ago? These are serious and important matters. More than 700,000 people are tramping the streets in the middle of winter—even though spring is here according to the calendar it is not, in fact, here—not knowing whether government policies designed to assist them are going through. For the Minister of Finance to sit quietly in his place and decline to announce what is going to be done is an indication of the lightness with which he regards the economic difficulties of the nation. One of the things which I think must happen before we go much farther into the motion before us, is for the minister to rise and make some rather extensive announcements of policy and the like in connection with these matters which have been raised today and on other occasions.

We are not just using words and talking about statistics and pieces of paper and about whether or not they were supposed to be released this morning but were delivered inadvertently by a messenger to somebody else than the one intended. That is not what is at issue. The subject matter here is 719,000 people who are out of work because we have in office a bungling government without the vaguest idea of what to do and one which, even if it had such an idea, does not possess the courage to stand up and make announcements of its plans in the house.

It is a quarter to six by the clock. Perhaps what little the minister has to announce he might be able to announce in 15 minutes. It is possible his statement could be completed by that time. I think that is the only course open to the minister at the moment. Otherwise we are justified in arriving even more firmly at the conclusion that the hon. gentleman's interest in the unemployed is really not what he would have us believe.

The Deputy Chairman: Shall the resolution carry?

Mr. Howard: Before it carries, I think the Minister of Finance has a duty and responsibility which he cannot evade. I think it is up to him to stand up and make a statement about what the government intends to do in this particular field. I think that opportunity should be afforded him.

Mr. Fleming (Eglinton): I have the duty and the responsibility to tell some hon. members that, in speaking as they have spoken

this afternoon in a manner which, I think, is virtually an abuse of the proper procedure on a motion for interim supply, they are creating a situation where we may not be able to get out the cheques for the mid-April payments, as we wish to do, because parliament has decided that we shall be rising next Wednesday and not returning until April 10.

Mr. Martin (Essex East): A point of order—

Mr. Fleming (Eglinton): It is another bogus one.

Mr. Martin (Essex East): The minister has no right to make a remark of that kind. He has now the opportunity of having this matter disposed of forthwith. Instead, he is making an imputation directed against all those who have taken part in this debate.

Mr. Broome: That is not a point of order.

Mr. Martin (Essex East): It is a point of order, and I resent the imputation of the Minister of Finance that because we are discussing important public issues we are thereby open to the charge that we are preventing certain people in this country from receiving their remuneration.

Mr. Broome: That is exactly what you are doing.

Mr. Martin (Essex East): It is not the case. This government could decide right now to relieve itself of its present parliamentary obligation. If there is any delay, it will be due to the intransigence of this government.

Mr. Fleming (Eglinton): I should be obliged, Mr. Chairman, as I think would all members of this committee, if you would tell the hon. member for Essex East that he abuses the privileges of this house by raising bogus points of order. He offends against the rules at all times, and I think it is time he was rebuked by the Chair for so doing.

Having had my time taken by this bogus point of order, may I return to the point I was making. For years, with the exception only of these very recent years, these motions for interim supply passed very quickly. It was an extraordinary thing if there was any discussion on them at all. In recent times the opposition has chosen to debate, on this motion, any issue at all. This afternoon the Leader of the Opposition and one other hon. member talked about airing grievances. Mr. Chairman, they talked as though this were a motion to resolve the house into committee of supply. We are in committee of supply now, so that kind of procedure is clearly not the kind of procedure in which we are engaged at this time.

When the announcement was made that we would be asking for a vote of interim supply this afternoon, I think all hon. members were well aware that the house had decided to rise next Wednesday and not to return until April 10 and that there is some other important business which must be transacted before we rise. There is to be dealt with the whole of those final supplementary estimates consisting of more than 100 items, and if hon. members choose on occasions of this kind to talk about every item under the sun and to raise all kinds of political issues for which there will be ample occasion in the ordinary course of parliamentary business for full discussion, it is inevitable that we shall not be able to get this vote of interim supply through before the time appointed to rise next Wednesday. I have to tell the committee that if this should happen there will be delay in getting out the cheques for the mid-April payments. The responsibility in that regard will have to rest with those who have taken advantage of this motion today and the ruling made by the Chair last year to bring into this discussion today about every kind of political issue under the sun.

I am not asking for a ruling from the Chair in view of the ruling which was made last year. I protested against this kind of procedure last year, but the Chair did not uphold the point I raised. I therefore cannot do anything about it, and if hon. members wish to bring in political issues and talk about everything under the sun I presume nothing can be done to stop them. But I do point out to them that there will be proper opportunity for the discussion of all these various matters which have been raised today. We have the estimates of all the departments before us to be considered in committee of supply with the exception of one department, the Department of Citizenship and Immigration whose estimates have been fully reviewed and passed. If we do not get this vote through I point out the inevitable results with respect to these mid-April cheques.

I would remind hon. members that this is a vote of interim supply and that I have given the time-honoured undertaking that nothing done here today by way of approving interim supply for two months will affect or abridge the rights of hon. members to discuss these items when they are reached in the ordinary course in committee. So everybody has his full rights. It is not necessary that hon. members should seize this opportunity to drag up all kinds of political issues. If that sort of thing happens we shall simply have to accept the fact that we cannot get these motions through. If there is to be no limit at all on the right of hon. members to discuss everything under the sun, we are in

a chaotic condition with regard to such motions as this. I appeal to the committee to have regard to the realities of the situation and to pass this simple motion knowing that the rights of members to discuss any question that is relevant to any item in committee are preserved.

Mr. Howard: I wonder if I could deal with one point which the minister has raised. I refer to the accusation that members in the opposition parties are responsible for delay. I would point out to the minister that it is the responsibility of the minister himself to decide if and when it is necessary to bring in an interim supply motion. It is his responsibility, and all he is doing now is admitting how delinquent this government is in its management of the bringing of motions before parliament. The minister knew a long time ago he would need interim supply. The fault is his entirely for deliberately forestalling this request until practically the eve of the Easter recess so he could make accusations of the kind in which he has indulged. The minister's own delinquency is responsible for this situation. The hon. gentleman is entirely incapable of operating properly.

The minister brought forward supplementary estimates that have to be dealt with. Do you realize, Mr. Chairman, that this is the fifth set of supplementary estimates we have had since the estimates a year ago? Five times he found out how wrong he was about his budget.

Mr. Broome: And five times the hon. member has made the same speech.

Mr. Howard: Listen to this, my hon. friend from Vancouver South. Perhaps the Minister of Finance should also listen and learn how he is participating in the breach of a contract between the government and parliament. I refer hon. members to the citation in Beauchesne's in which reference is made to breach of contract between the government and parliament and which reads—

The Deputy Chairman: Order. We are not discussing supplementary estimates at the moment but interim supply.

Mr. Howard: The minister raised the question of supplementary estimates and said it was necessary to deal with them before the Easter recess. I point out that he is guilty of a breach of contract between the government and parliament. This is the fifth time this has happened.

The Deputy Chairman: Order. We cannot have a debate on this subject.

Mr. Howard: The minister stood in his place and levelled accusations against us with respect to his inability to write cheques and so on. He has admitted his own delinquency and inability to be Minister of Finance but he cannot rid himself of the responsibilities that are associated with that office.

Mr. Spencer: The hon. member has just rid himself of an insulting speech.

Mr. Horner (Acadia): All the hon. member's speeches are insulting.

The Deputy Chairman: Order.

Mr. Howard: I am dealing with the insulting remarks and accusations of the minister. He makes accusations of this insulting nature against the opposition. There are 700,000 people out of work. What is the minister's policy? I realize it is difficult for the government to face up to this question. The government levels insulting accusations. The minister's insults have to be answered in this fashion. I am not worried about the insulting accusations of the hon. member for Essex West or anyone else. I only know that 13.9 per cent of the working force in British Columbia from where I come are tramping the streets at the moment wondering when this minister will in the field of monetary policy take action to help them.

Instead of helping, the minister gave a five-minute lecture on how he wants the rules to operate so he can curtail business and conduct the affairs of parliament in his own way. I say that parliament should stand up to the minister and show Canadians how arrogant, delinquent, silly and childish is this hon. gentleman.

Mr. Benidickson: Mr. Chairman, I wish to confess that I also felt the Minister of Finance had evaded the chief issues raised here this afternoon. The hon. gentleman raised a bogey when he suggested that any discussion on parliamentary procedure at this time and of this type was unusual.

I wish to draw to the attention of the minister his assertions when in opposition. As recently as 1957 during his last term sitting on this side in opposition, the minister took up six pages of *Hansard* in speech-making at this stage of our proceedings.

Mr. Fleming (Eglinton): On an occasion when no undertaking was given, on the eve of an election.

Mr. Pearson: Oh, oh.

Mr. Benidickson: I refer the hon. gentleman to page 2821 of *Hansard* of March 29, 1957. The minister suggested that democracy might perhaps take a backward step because this parliament would not do its duty with respect to widows, orphans and civil servants. He suggested this would follow if we did

not have an adequate parliamentary authorization. I refer the minister to his activities during the time when he was in opposition. The hon. gentleman did not say that to you, Mr. Chairman, earlier.

I also refer to the previous year, 1956, when in the same month we had a requirement for interim supply. I give the Conservative opposition of that day full credit. Hon. gentlemen at that time were not inactive nor did they in any way forsake their duties to the public. They properly took up debate at this stage. The record of that debate indicates that pages of *Hansard* were filled with speeches made by such well known hon. members as the present high commissioner in London, the former leader of the opposition, Mr. Drew. Speeches were also made by the present Minister of Trade and Commerce, the Postmaster General, the Minister of Northern Affairs and National Resources and other hon. gentlemen.

It is a well known and recognized privilege of hon. members of parliament, when a government asks for supply, to raise questions which they feel are proper in the interests of the Canadian public and no person has taken longer than has the Minister of Finance.

The Deputy Chairman: It being six o'clock, shall I rise, report progress and ask leave to sit again?

Mr. Fleming (Eglinton): Mr. Chairman, may I ask the committee again if it will pass this motion? Otherwise I am very greatly concerned about the results, as I indicated. Hon. members opposite have had their inning by now. They know that these items will be called in the committee of supply in due course. Surely we can have this resolution passed now, Mr. Chairman. The bill must follow. It must be passed in the Senate and must receive royal assent. If it does not do so along with all the other business that must be presented before parliament rises at six o'clock next Wednesday for the Easter recess, then the cheques for the payment of salaries, pensions and other obligations for mid-April are going to be delayed.

The Deputy Chairman: Shall the resolution carry?

Mr. Howard: There are many questions—

The Deputy Chairman: Is the hon. member saying "No"?

Mr. Howard: I did not say no; I just rose to speak but I see that it is six o'clock.

The Deputy Chairman: I asked if the resolution carried.

Mr. Horner (Acadia): The hon. member says no.

Mr. Matthews: Mr. Chairman, do not beg anything of the hon. member for Skeena.

Mr. Fleming (Eglinton): Having regard to the importance of this matter, perhaps the hon. member for Skeena could complete his remarks in five minutes if the committee would be willing to sit on and pass the resolution in view of the urgency of it.

The Deputy Chairman: The hon. member calls it six o'clock.

Mr. Fleming (Eglinton): It is my hope that the people of Canada will understand who are responsible for this.

Mr. Martin (Essex East): Mr. Chairman, was it not agreed that the hon. member for Skeena would speak for five minutes?

Mr. Matthews: Do not beg that hon. member for anything.

The Deputy Chairman: The hon. member called it six o'clock unless he wishes to follow a different course.

Mr. Howard: Six o'clock.

Mr. Fleming (Eglinton): I hope that *Hansard* will show that the hon. member for Skeena said "six o'clock".

Mr. Howard: Six o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Benidickson: Mr. Speaker, may I address a question to the house leader before inquiring about the business for tomorrow. Although last year we discussed interim supply about two days later than the date on which we are proceeding this year, would the leader of the house, in view of the remarks of the Minister of Finance concerning the importance of this matter, indicate whether or not it is proposed that an opportunity for debate on this question will be given early tomorrow? I ask because of course, some days will ensue before the end of the fiscal year.

Mr. Churchill: The suggestion will be considered but at this moment I think the business as announced will stand. For tomorrow we will commence with item No. 7 on today's order paper, the resolution in the name of the Minister of Agriculture dealing with agricultural development, and that will be followed by the estimates of the Department of Agriculture.

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

HOUSE OF COMMONS

Thursday, March 23, 1961

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

ITALY—REPLY TO GREETINGS ON CENTENNIAL ANNIVERSARY

Mr. Speaker: Order. By leave of the house may I table the cablegram which has been received from the president of the chamber of deputies of the parliament of Italy in acknowledgement of the cablegram which I sent in pursuance of a resolution unanimously passed by this house last Friday, and read to the house a translation of the cablegram dated Rome, March 22, 6 p.m.:

Hon. Roland Michener, Speaker of the House of Commons, Ottawa.

The telegram of greetings expressing the best wishes of the parliament of Canada on the occasion of the centenary of Italian unity was particularly welcome to me. On behalf of the chamber of deputies of Italy and in my own name may I request that you, sir, who are the honourable the Speaker, do accept the expression of sincere gratitude and most heartfelt good wishes for the prosperity of the Canadian people. I am, with highest consideration,

Giovanni Leone,
Speaker of the chamber of deputies.

STANDING ORDERS

Eighth and ninth reports of standing committee on standing orders—Miss Aitken.

LABOUR CONDITIONS

WINTER WORKS PROGRAM—EMPLOYMENT PROVIDED AND EXTENSION OF PERIOD

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I would like to make an announcement to the house with regard to the municipal winter works incentive program. As of March 21, the latest figure which I have obtained from my department based on estimates submitted by more than 1,924 municipalities across Canada indicates that this program has exceeded by a substantial margin the target of jobs announced last fall.

At that time we expected to provide direct, on-site employment for some 83,000 persons and indirect employment for approximately the same number. I am pleased to be able to inform the house that as of March 21 this program has provided direct, on-site employment for more than 105,000 men, according to the figures supplied by the municipalities, and off-site employment for an estimated equal number of men.

This program, through intensive co-operation at the federal, provincial and municipal levels, launched municipal work projects during the winter months of a total estimated value of $259,520,713. It has become one of the most effective public works programs of its kind ever undertaken in this country, through co-operation at all levels of government. It is a program well accepted by everyone and given enthusiastic support.

As the house may be aware, the government has received a number of representations from individual municipalities, as well as the Canadian confederation of mayors and municipalities, requesting the continuation of the program beyond the cut-off date of April 30. As the house also knows, the program this winter commenced on October 15, six weeks earlier than usual. I should point out, Mr. Speaker, that in recent weeks there have been severe storms accompanied by heavy snowfall in many parts of Canada, and this has affected the ability of municipalities to carry on their winter works projects.

In order that there will be no curtailment of employment as a result of untoward weather conditions, I am pleased to announce that the government has decided to extend the period for the municipal winter works incentive program to May 31.

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, I have an announcement to make which is supplementary to that made by my colleague the Minister of Labour. I am pleased to inform the house that it has been decided to extend the winter works program in the national parks from March 31 to May 31, 1961. This will provide employment for 1,800 men at a cost of $1.6 million.

During the current season projects in the various national parks under the winter works program have involved an expenditure of $4 million. The program involves the construction of new picnic grounds, camp sites and other improvements to accommodate the increasing numbers of visitors to the parks.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I on behalf of this group say how pleased we are to learn that the expectations for the winter works program

have been exceeded and that it is being extended. We hope that the Minister of Labour and the other ministers in the government will soon find it possible to bring in a program for the spring, summer and fall in addition to the winter so as to provide full employment for those who need it at the present time.

[*Later:*]

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I should like to address a question to the Minister of Labour arising out of the statement he just made in regard to the winter works program. Will the extension of the date for the winter works program exclude any of the projects now authorized under the program? I understand that on a previous occasion when the program was extended certain projects were eliminated. The reason given was that these projects would reasonably be carried out during the period covered by the program.

Mr. Starr: Mr. Speaker, offhand and without checking I would say that I see no reason why projects now under way that would carry over into the extended period of May should be eliminated. I should think they would be included.

[*Later:*]

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Minister of Labour based on the announcement he made earlier this afternoon about the winter works program and the suggestion that 105,000 jobs had been provided in on-site and 105,000 in off-site work. Can the minister tell the house the length of employment on these jobs? How much work are we talking about? Has the minister's department the complete figures?

Mr. Starr: This represents 4,636,972 man days of work.

EXTERNAL AFFAIRS

LAOS—INQUIRY AS TO CURRENT SITUATION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I wonder whether the Prime Minister is in a position to give the house any information on the serious situation in Laos as reported in the press this morning.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the house knows, the situation developing in Laos is such that it commands the attention of people all over the world. I am aware of recent developments in the Laotian situation, and the government has been in continuing touch with the other governments concerned. While Canada is not a member of SEATO, the regional collective security organization whose interests are most directly affected by developments in Laos, Canada has a particular interest in the Laotian problem arising from her membership in the international supervisory commission established under the Geneva agreement of 1954 and adjourned in 1958. Mention has been made in the press of naval dispositions which are taking place in the Far East. I do not believe that they reflect anything more than normal measures of readiness in the situation as it exists.

Now I might say something regarding Canada's position on the particular problem itself. Canada is prepared to serve on a reconvened international supervisory commission should the governments concerned agree that conditions exist which would permit the commission to play a worth while and effective role. The reason there has been no decision so far to reconvene the international supervisory commission for Laos is that other possible alternative arrangements are being considered, such as a commission of neutral nations or an international conference as proposed by Prince Sihanouk of Cambodia.

These alternatives are still under consideration. Whatever type of international instrument may eventually be agreed upon, Canada continues to hope that circumstances will permit a negotiated settlement which will maintain the independence, the unity and the neutrality of Laos.

TRADE

O.E.C.D.—CANADIAN POSITION AT FORTHCOMING CONFERENCE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wish to address a question to the Prime Minister. I wonder if the Prime Minister would care to give the house any information on the position which Canada may take at the forthcoming conference of O.E.C.D., particularly in the light of the statement by President Kennedy that certain proposals for long term economic assistance will be put before that conference by the United States.

Right Hon. J. G. Diefenbaker (Prime Minister): I think during recent discussions in the house full information was given on this matter, information as full as the government could then give. There is nothing in particular that I can add at this time which would in any way amplify what was said then.

Mr. Argue: A supplementary question. Can the Prime Minister tell the house whether Canada will be putting forth any specific

proposals at the forthcoming conference with regard to economic assistance?

Mr. Diefenbaker: Canada's stand on economic assistance and her record have been admirable. I know the hon. gentleman will not agree with that, but I think Canadians as a whole feel that the contribution which Canada is making in connection with measures to raise standards in other parts of the world is the equal of that of any other nation in the world. When I say that, I think our contribution to the Colombo plan, with the increases in the last few years, and the contributions in other fields to which Canadians have given their support do not require on the part of Canadians any attitude of uncertainty or lack of pride concerning what is being done.

LABOUR CONDITIONS

FORD MOTOR COMPANY—LAY-OFFS OF MACHINE REPAIRMEN

On the orders of the day:

Hon. Paul Hellyer (Trinity): I wish to direct a question to the Minister of Labour. Has the minister received a communication from local 200 of the united automobile workers drawing to his attention lay-offs by the Ford Motor Company of qualified machine repairmen, while at the same time large machines from the plant have been sent to the United States for repair? If so, is the minister in a position to use his good offices to have this work done by Canadian workers presently laid off?

Hon. Michael Starr (Minister of Labour): Today I received a copy of a letter from the people to whom the hon. member refers which had been addressed to the Minister of Finance.

Mr. Hellyer: A supplementary question, Mr. Speaker. Will the minister look into the situation and see if there is any way in which he could arrange to have some of this work done here in Canada by Canadian workers?

Mr. Starr: Mr. Speaker, as I pointed out, this letter was addressed to the attention of the Minister of Finance, and I received only a copy of it. But I will follow up the matter to see what reply is given by the Minister of Finance.

GLEN EXELBY—INQUIRY AS TO EMPLOYMENT OPPORTUNITIES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Labour whether as a result of the offer he made in the letter he tabled on Friday last the employment service has yet found a job for Mr. Exelby of Hamilton.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I am relieved to say that I have not been keeping track of that case of late.

Mr. Pickersgill: Would the minister be good enough to inquire and inform the house tomorrow?

Mr. Speaker: Orders of the day.

Mr. Pickersgill: A supplementary question, Mr. Speaker. Would the minister inquire and inform the house tomorrow?

TRANSPORT

SPRINGHILL, N.S.—REQUEST FOR MAINTENANCE OF RAILWAY SERVICE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Minister of Transport whether he has yet received any report from the Canadian National Railways concerning the question of that railway taking over from the Cumberland Railway Company the 4-mile spur line from Springhill to Springhill Junction. The minister will recall that this question was asked on February 17, at which time the minister indicated that he would refer the matter to the management.

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I have nothing to report at the moment, but I will investigate.

CANADIAN BROADCASTING CORPORATION

REPORTED RECRUITMENT OF PERSONNEL IN U.K.

On the orders of the day:

Mr. Walter Pitman (Peterborough): Mr. Speaker, I should like to address a question to the Minister of National Revenue. Would the minister substantiate reports that the Canadian Broadcasting Corporation is recruiting personnel in the United Kingdom. If so, could the minister indicate the reasons for such recruitment at the present time?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the hon. member was good enough to send me notice of this question a short time ago. I have been unable to obtain the information from the corporation. However, I have grave doubts about recruitment taking place in the United Kingdom other than in respect of highly specialized personnel. I will obtain the information and advise the hon. member on this matter as soon as possible.

Inquiries of the Ministry

ADMINISTRATION OF JUSTICE

ONTARIO—ALLEGED CORRUPTION OF LAW ENFORCEMENT OFFICERS

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I wish to direct a question to the Minister of Justice. Has the minister received any request from the attorney general of Ontario for the assistance of the Royal Canadian Mounted Police in investigating alleged charges that Mafia gambling interests have succeeded in bribing and corrupting provincial and local law enforcement officers?

Hon. E. D. Fulton (Minister of Justice): Not to my knowledge, Mr. Speaker.

HOUSING

N.H.A.—ANNOUNCEMENT OF NUMBER OF HOUSING STARTS

On the orders of the day:

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, in reply to a question asked by the hon. member for Nipissing, as reported at page 2542 of *Hansard* of March 1, as to the number of starts made in the month of February, may I say we now have received the figures for housing starts up to the end of February, in municipalities of 5,000 population and over. These amount to 3,967 for the month of February, which is an increase over a year ago of 86.2 per cent for that month. These are the latest figures for 1961; up to the end of February, 7,861.

The hon. member and other hon. members of the house will be glad to hear that the figures up to March 17 for N.H.A. requests for loans have now increased to 9,937. In the corresponding period a year ago the figure was 1,473.

Mr. J. R. Garland (Nipissing): In view of the announcement made by the minister I wonder if I might put this question to him. The figure for last February was one of the lowest on record, at an annual adjusted rate of about 60,000, I believe, for that period. In view of this fact, and in view of the legislation recommended by some hon. members on this side and implemented a few months ago, does the minister not think he should go the full distance and reduce the N.H.A. interest rate, which is the main deterrent at this time?

Mr. Walker: Mr. Speaker, on the contrary, the record this year—and all we can control are the National Housing Act loans—has been almost unprecedented. We are having a magnificent year in housing compared with any other year except one.

Mr. Garland: Compared with last year.

[Mr. Nowlan.]

Mr. Speaker: Order. I think the hon. member went a good deal further than he should have gone with his last supplementary, and a further supplementary would be out of order.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Does the Minister of Public Works mean by "on the contrary" that the interest rates should be increased?

Mr. Walker: Mr. Speaker, if the hon. member for Bonavista-Twillingate would stick to yachts he would speak with greater authority.

Mr. Pickersgill: The usual politeness.

Mr. Garland: Since the Minister of Public Works has the figures now for February, can he tell us the number of bank loans made in that month?

Mr. Walker: A magnificent record has been made in housing in spite of the fact that we have had little or no participation by the banks. Therefore the banks can use their money for commercial loans in the regular course of their business.

Mr. Garland: A supplementary question. Does the government contemplate taking any action which will encourage the banks to get back into the housing field?

Mr. Walker: If by that the hon. member means are we seeking to increase the borrowing rate from 6 per cent to 6¾ per cent, the answer is in the negative.

Mr. Garland: I mean lowering the N.H.A. interest rate, as the minister well knows.

COMMONWEALTH RELATIONS

SOUTH AFRICA—INQUIRY AS TO CONTINUATION OF TRADE PREFERENCE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I direct a question to the Prime Minister. Has his attention been drawn to the decision of the United Kingdom government, announced today, to continue trade preferences to South Africa after her withdrawal from the commonwealth, and does the government propose to follow the same course here?

Mr. Argue: We hope not.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I did notice what had taken place in the British House of Commons and the statement made by the Prime Minister and I think as well by the Secretary of State for Commonwealth Relations. I do not know whether it was inherent in the question that Canada might follow the lead of the United Kingdom in that regard. I would say

that when and if a decision is made in this respect the house will immediately be made aware of it.

BUSINESS OF THE HOUSE

REQUEST FOR LIST OF OUTSTANDING RETURNS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I can ask the Secretary of State whether he is yet in a position to provide the list of unfulfilled returns that was asked for some weeks ago?

Hon. Noel Dorion (Secretary of State): I believe it will be ready maybe tomorrow or next Monday.

Mr. Pickersgill: May I send to the Secretary of State a partial list that one of my friends prepared for me, to help him in the preparation of this material?

AGRICULTURE

PROVISION FOR AGREEMENTS RESPECTING MARGINAL LANDS, RURAL EMPLOYMENT OPPORTUNITIES, ETC.

The house resumed from Wednesday, March 1, consideration in committee of the following resolution—Mr. Hamilton (Qu'Appelle)—Mr. Rea in the chair:

That it is expedient to introduce a measure to authorize the Minister of Agriculture to enter into agreements with provincial governments or agencies thereof for the undertaking jointly with those governments or agencies of projects for the alternative uses of lands that are marginal or of low productivity, projects for the development of income and employment opportunities in rural agricultural areas, and projects for the development and conservation of the soil and water resources of Canada; for the payment to the provinces of contributions in respect of the cost of such projects undertaken by a province or agency thereof; to authorize the Minister of Agriculture to undertake programs of research and investigation in respect of these matters; to provide for the establishment of advisory committees and the appointment of their members, and to provide for other related and incidental matters.

Mr. Horner (Acadia): When the resolution was last before the committee I had summarized in what directions productive acreage could be increased. In fact, after looking at our import and export position with regard to field crop production I find that without the export of wheat Canada would be a net importer of agricultural field and vegetable products.

If one takes a close look at the resolution before us, one finds that it readily breaks down into three categories. These categories are (1) projects for alternative use of land, particularly marginal land; (2) projects for the development of income and employment opportunities; (3) conservation of soil and water resources. I find the resolution very interesting because of the fact that about half of the land area in my constituency is included in what is called the "special areas". These areas consist of a number of municipalities in the centre of the Palliser triangle, and they went bankrupt in the early thirties. At this time the whole area was taken over by the provincial government and administered from Edmonton. About 70 per cent of the land is what is known today as tax recovery land. The heart of the policy followed in connection with this area is the refusal to sell either crown or tax recovery land. This, coupled with the stipulation that cultivation leases are to be issued only for special feed needs, has made the area a cattle raising area.

In most respects this policy corresponds to the policy that will be possible under this resolution, but recently the provincial government began to shift their view with regard to the whole area. The provincial government has done this, first, by increasing the forage value on lands, in some cases to the extent of doubling the value, and placing the whole area in a group with land to the west along the foothills. The interesting thing is that here we have the federal government bringing in a resolution which would set up an area similar to that which I have described, yet recently the provincial government has begun to shift its views with regard to this whole area.

The premier of the province told a few ranchers in the area that he thought the whole of the special areas should be turned into a county. Last fall the provincial government set up a commission to study the administration of the special areas. One of the purposes of the commission was to ascertain whether conditions had been altered sufficiently in the special areas as a result of agricultural practices, technological advances and increases in the size of farms, to warrant the establishment of local municipal government. I suppose the reference is to a county system. In addition, the commission was to see whether conditions in the special areas were of a sufficiently different character to warrant a different type of administration from that of any other area in the province.

I mention these two terms of reference of that provincial commission because they are closely linked with the thought in this resolution. Here is an area consisting largely of submarginal land which has been subjected to rules and governed by an administration of the type that has had much to do with shaping the development of the area. The heart of the policy was the refusal to sell either crown or tax recovery land for cultivative practices. These lands have been largely

leased by the farmers from the provincial government for cattle raising. Today we find that the provincial government of Alberta has reached a stage in its thinking where it believes this policy should be reversed, while the federal government introduces a policy which, in a sense, endorses the legislation which has applied to this area in the past. As a result of my experience in living in this area, I commend the federal government for introducing this measure under which alternative use of the land will be encouraged, one way or another.

I should like to speak for a moment on the other two points in this resolution, namely projects for the development of income and employment opportunities and projects for the conservation of soil and water resources. The minister said that, in effect, this measure would enlarge P.F.R.A. to cover the whole of Canada. Most of my constituency lies within the old boundaries of the P.F.R.A. areas, but that part which is not included at the moment will certainly welcome the news that it will qualify for assistance under P.F.R.A. Another point that should be considered is the statement by the minister that cost sharing arrangements of the past will be carried forward into the future in connection with any projects undertaken under the new legislation or under the old P.F.R.A.

There is one question, however, I should like to ask about this measure. Who can apply for assistance in connection with these projects? Many towns in my constituency are finding themselves short of water which hinders their development, thus reducing employment opportunities. Can the town or municipality act as the agent of the province? I hope so. What I have in mind is not a dugout for water to be supplied to a small town, but a medium sized dam or canal to channel the water into these towns and thus help the towns develop industrially, thus creating greater opportunities for the citizens now living in the towns to earn increased incomes as well as creating greater employment opportunities for new citizens. I know a great many towns in my constituency that would welcome assistance along these lines.

The last item I wish to mention is soil and water conservation. As I have mentioned before, the whole area in my constituency would welcome assistance under this particular measure. We have received considerable assistance in connection with the conservation of soil, but our water resources have not been developed to the extent that they could have been developed. The Red Deer river flows through the central part of Alberta and through my constituency. This river has been talked about for a number of years, going back as far as 1918, when William Pearce envisaged the possibility of damming this river to create a greater water supply. I am sure the citizens of this areas would welcome assistance in the development of this particular project.

A number of people might think that I am advocating greater irrigation areas. This type of development may occur in some small areas in the east central part of Alberta, but by and large the development envisaged would create greater water supplies for the towns and for the cattle raising industry.

Last summer was a particularly dry summer, as well as the year before that, in some areas of east central Alberta. A number of farmers and ranchers had to sell their basic animals because of the lack of water in their pastures. The proposed project which has been talked about for many years, will bring about greater development and will industrialize the area. It will be accompanied perhaps by some small irrigation projects to assist in bringing about greater use of the submarginal land for stock raising purposes.

It is estimated that perhaps 40 acres out of each township, on the average, is adaptable for irrigation. A great deal of land, as hon. members will realize, is not suitable for irrigation because of the varied types of soil. I point this out only to indicate, to those individuals who think we have enough irrigated land at this time, that this is not another solid irrigation project that is envisaged in that area, but rather a project which will help to conserve water and bring about greater development of the area in general.

I welcome the introduction of this resolution. I hope the Minister of Agriculture will be willing to co-operate with the province of Alberta in this regard, and that he will realize that the development of this east central part of Alberta is necessary to maintain the livelihood of the agriculture element in that growing area of Canada.

Mr. Herridge: Mr. Chairman, I rise to support the principle and purpose of this resolution which, from our point of view, is quite sound. We hope the future will disclose that the administration of the legislation founded on this resolution, and the co-operation extended by the provinces, will be equal to the hopes that are raised by the introduction of the resolution.

Before proceeding I might say that the C.C.F. party throughout the years has urged long term planning and action on the part of federal and provincial governments to protect, restore and conserve our renewable natural resources along the lines indicated in this legislation. On that account I have no hesitation whatsoever in congratulating the minister

and the government for giving effect to at least another aspect of C.C.F. policy throughout the years.

This is a very interesting subject to me because I have lived very close to nature all my life. Anyone who reads the pages of history will realize that man has made a bit of a mess of the Lord's earth since he inherited it. I want to bring to the attention of this committee certain quotations which I have found while reading the scripture on Sunday mornings. I was looking up a few quotations which I remembered in the old testament, which had reference to the very problem that we are discussing this afternoon. We find that man awakened to life on this earth embowered in a garden of trees surrounded by fertile soil and unpolluted water. After thousands of years of life look how we have treated our heritage. I find in Genesis 2:8-9 the following:

> And the Lord God planted a garden eastward in Eden; and there he put the men whom he had formed. And out of the ground made the Lord God to grow every tree that is pleasant to the sight, and good for food; the tree of life also in the midst of the garden, and the tree of knowledge of good and evil.

We have learned a lot about evil but very little about how to care for the garden. Ever since man was driven out of the garden of Eden he has done two things very successfully. First, he has tried to destroy his fellow man and continues to do so. Second, he has ravaged the earth; and no one can deny that.

I was looking up this question and now realize that rehabilitation and conservation is not something new. This subject goes back thousands of years. In fact the first instruction to conserve and care for the things on earth is to be found in the Bible. I quote from Revelation 9:4, as follows:

> So protect the bounty of the earth, for nature is the work of God.
>
> And it was commanded them that they should not hurt the grass of the earth, neither any green thing, neither any tree—

We have certainly broken what I would call the eleventh commandment throughout the ages. Man continues his devastation today. We find signs of this in the history of the valley of the Euphrates and in the valley of the Nile; we find this in Europe and in Asia.

I then turned my attention to the history of rehabilitation programs, and found that after wasting resources for centuries man found that he had destroyed many of the things he had inherited, and was instructed in Leviticus 19:23 as follows:

> And man realizing his loss, must set out to clothe the land with trees.
>
> And when ye shall come into the land, and shall have planted all manner of trees for food, then ye shall count the fruit thereof—

I mention these quotations from scripture to indicate how ancient and long standing this program of rehabilitation is. Even the present minister is not the first one to develop a rehabilitation program, but we give him full marks for being the first one in this house to do so on this scale. I have no hesitation in giving him credit for seeking to have this problem studied as the result of a national conference, and as a result of this resolution being brought to the attention of the house.

Man has gone on since early ages ruining the land, destroying the forests, polluting our waters and diminishing our wildlife in all sectors of the world. It is only in comparatively recent years that rehabilitation programs on any scale were attempted. I find from my reading that the first program of any scope was introduced in Europe about 1865, and then in Great Britain in about 1880. A program has only been introduced in Asia in very recent years; in fact one is under the Colombo plan, to which the people of Canada are contributing in an attempt to restore the areas which have been ravaged and denuded as the result of man's pollution of rivers and destruction of forests.

In this virtually new country of Canada we find that the destruction of natural resources has taken place at a tremendous pace from almost the days of early settlement. I have been reading in regard to this problem, and I notice that one of the first studies was made by the commission on conservation which was appointed by the government of Canada in 1909. I know that the father of the Minister of Justice was a member of that commission in its initial stages. I obtained a copy of the Trent watershed survey which deals with this problem. I mention these things to indicate our lack in foresight in the establishment of programs in connection with the preservation of our natural resources. I wish to quote from this book entitled "Trent Watershed Survey," because it is very interesting to me and I think will be of interest to some hon. members, and will show how grave this problem was as far back as the middle of the nineteenth century. This report was written by Messrs. C. D. Howe and J. H. White. At page 97 is found the following paragraph:

> The impression received daily throughout the season's investigation was the dreary hopelessness of attempting to secure returns by agricultural activities, from a soil inherently adapted only for forest use. The amount of human energy unavailingly expended in this attempt, represents an incalculable asset lost to the province. It is but another example of past misguided or rather unguided occupancy of townships which should never have been thrown open for settlement, and of the lack of appreciation by government of its obvious duties.

This, mind you, was in 1865. The report continues:

Early advice—That this was not done through ignorance of conditions is shown by various reports of the early commissioners of crown lands and of parliamentary inquiries. Extracts from two of these will suffice to show that, even in those days, there were men who were aware of the necessity of segregating agricultural from absolute forest lands, and the setting aside of the latter as forest reserves. As early as 1855 a committee of the House of Commons, Hon. A. T. Galt, chairman, reported, among other things: "It appears from the evidence that settlement has been unreasonably pushed in some localities quite unfit to become the permanent residence of an agricultural population. Especially has this been the case in some of the free grant roads and adjacent country, lying between the waters of the Ottawa and lake Ontario. Your committee would refer to the evidence and recommend that the government should, in all cases, ascertain positively the character of the country before throwing open any tract of land for settlement, so that such lands that are really not fit for profitable cultivation may not be thrown upon the market. There being considerable diversity of opinion among the witnesses in regard to some of the localities adverted to, it seems to the committee that the government should have an examination made by some thoroughly competent and reliable officer, whose report would be available in any further consideration of this subject."

Again, in 1865, the Hon. A. Campbell, commissioner of crown lands, in his report for that year, stated: ..."It needs a careful discrimination between pine lands exclusively and lands fit for settlement, to place it in the power of the government to conserve this valuable source of national wealth".

The report goes on to point out the completely uncontrolled destruction of forests in eastern Ontario and the need for some action on the part of governments to change these circumstances, to control the settlement of land and so on. Yet it is obvious that although consideration was given to these matters over a century ago, very little was done to correct the situation until recent years, and nothing has been done in the nature of a co-ordinated program as suggested by this resolution.

I wish to quote briefly from the recommendations of this commission, which are found on page 15 of this report. There are two recommendations which I think are most interesting in light of the present circumstances:

Nobody who has studied the conditions presented in this report will hesitate a moment in agreeing that the bulk of the country involved should be placed in, and managed as, a permanent forest reserve for the growing of timber. The only question can be: How this is to be brought about? There are at least five interests to be considered or reckoned with and to be brought into co-operation in building up such a territory—the dominion government, the provincial government, the municipalities in which the territory is situated, the private owners of properties and of timber licences, and the public at large.

Later on in the recommendations it is said:

The co-operation of the three administrative agencies, the dominion, provincial and municipal governments, is especially needed to develop anything like a permanent forest policy, for forest growth is slow, and financial results from timber growing, the only incentive for private enterprise, are slow in coming, so that only persistent entities like governments can be expected to carry on the business of timber growing.

And I might add, to carry out the recommendations mentioned in this report. Those were very sound observations which apply just as much today as they did at the time of that commission's investigation and report. I am very pleased to again say that according to the terms of the resolution the minister is actually proceeding along the lines recommended in a government report of many years ago.

While this is a subject of immense importance to our country as a whole and to the welfare of human beings, throughout the years only a very small percentage of the population has been far sighted enough in this regard. Socialists have been in the vanguard in this respect in every country in the world. If you read socialist literature you will find that they had the foresight to realize man's dependence upon the conservation of natural resources, their proper development and so on, and others have followed suit.

However, it has taken a long time to build up a social consciousness on this question, and I admit quite freely that complete consciousness does not exist even today. I have been talking to men who have been concerned with the proposed building of dams, and so on, in my constituency. I must explain that these men are not resident in my constituency. I have on occasion talked to these men, who seem to have no appreciation of the necessity to do what is in the best interests of the country as a whole and the public at large. They would be just as shortsighted as some capitalists are in providing nothing but an immediate job without any idea of the project's influence on the welfare of future generations.

Throughout the years socialists have influenced governments and public opinion, and our province has had a fairly high percentage of these people. It is interesting to note that although this matter was investigated in Ontario over a century ago and a report was made to the government of Canada, no action was taken until recent years. Do you know that in British Columbia, after the election of a number of C.C.F. members who became the official opposition of that government, because of their insistence in the legislature on the necessity to protect our forest industry, our forest resources and other natural resources, within eight years the first royal commission on forestry in British Columbia was appointed.

There is no question in my mind that socialist minded people had a great influence on public opinion and, as a result, on the government of the day. We had a similar situation with respect to conservation in Ontario. I refer to the report of the select committee on conservation set up by the Ontario government. There has been literature published on this subject, and in recent years professional organizations have taken a leading part in this matter.

I refer to such organizations as the Agricultural Institute of Canada, the Canadian forestry institute, the Canadian Federation of Agriculture and the Canadian forestry association. I cannot mention these organizations without referring to the good work carried out by a number of professors in the universities across this country. I would mention particularly Dr. O. M. McCoukey of the Ontario Agricultural College who retired a few years ago. This gentleman has spoken often on this question, he has written on the subject and has published literature on conservation for many years. He has been a guide and stimulus to many people in Canada in this respect.

With a hurried summary of the situation, since the garden of Eden until today, I say that we cannot but recognize this is a long term program. This is not going to give work to large numbers of people immediately. We know that. However, it is a program that should have been commenced a century ago. Because it is a sound program we are supporting it, and we are glad to know that even at this late date a start is being made in this connection.

If there is to be success in this program it will require the co-operation of federal, provincial and municipal governments in some cases. It will require the co-operation of organizations across this country which are interested in this problem. It will require the co-operation of the public at large. This means that the public relations educational program will have to be extensive. In my opinion there is an opportunity here for our younger people in the high schools and senior grades of public schools to build up their esprit de corps, an interest in the fact that this is Canada, this is their country, and they should be well acquainted with the efforts of government and organizations to give effect to a program such as this, in order to preserve it.

I suggest that not only will funds be required to make this program effective, but funds will be required for extensive research, because conditions are so varied in different parts of Canada.

I have had some experience in the conservation of forest resources, though I find that my experience has been very different from that of people in the Ottawa valley and other places. A great deal of educational and public relations work is required. I suggest to the minister that this does offer an opportunity to arouse the interest of our younger people in the universities, high schools and public schools through an educational program which would promote a desire on their part to participate in something which will bring increasing dividends to Canada as a whole and to them as individuals throughout the years.

Before concluding I do want to say there are some wonderful opportunities in Kootenay West for the application of this program. I cannot conclude without making some reference to my constituency. We have thousands of acres of undeveloped land in my constituency which could be brought under cultivation through the application of this program. We have thousands of acres of other land, now improperly cleared for other purposes, which could be replanted and turned back to forest growth.

There are wonderful opportunities, for example, in the Slocan valley, a valley 30 miles long with a paved highway 20 feet wide running through it. A beautiful river three times the width of this chamber flows the full length of the valley; power and light have been provided and all that is needed is co-operation between the federal and provincial governments to instal irrigation and drainage to make this an area of the most fertile possibilities where thousands of acres could be brought under cultivation. I could take hon. members to one spot where they could look down over 12,000 acres of land as level as a billiard table. All that is required to make that area habitable and suitable for cultivation is the lowering of the water level by three feet as a result of the deepening of the Duncan river, and the building of 20 miles of road. The same opportunities are available along Kootenay lake and in the valley of the Columbia river between Castlegar and Revelstoke.

This is a program in which we should get people interested, and young people particularly. I am confident that if we could get them to see—I was about to say "the vision" but I do not want to be misunderstood; however, I mean it—if we could get them to see the vision in a national way and then apply it to the circumstances in which they live there would be no difficulty about enlisting the time and energy of people who wanted to take part in this great development.

That is all I intend to say. My remarks have been somewhat general. However, I hope the measure which will follow this resolution will satisfy our anticipations in

every way and that when it is passed the minister will enjoy the co-operation of the provinces in the development of this forward looking long term plan so long advocated by the party to which I belong.

Mr. Hamilton (Qu'Appelle): In speaking on the resolution for the second time I feel I should tell the committee that of all people in this chamber I, perhaps, appreciate more than most the honour which has fallen upon me in bringing in this legislation. Like the hon. member for Kootenay West, I know full well how long people have talked of conservation; how long people in the universities have proposed ideas, and how long organizations across this country have made representations to governments at local, provincial and federal level with respect to it. I agree with the hon. member that the significant thing is that at long last something has been started.

I should like to discuss some of the observations which have been made during the debate on the resolution. I think I should be doing only justice to posterity if I omitted some of the comments made, because I think they are better forgotten. I think the only remark which has achieved national publicity across this country, and which is negative with regard to this legislation, is that it is long ranged. At the very outset I want to make it perfectly clear that I agree that this is a long range program. No one wants to pretend it is anything else.

The criticism which went across the country after the introduction of the resolution was to the effect that it was not going to do any good now; it did not affect prices or the shortage of income in agriculture, but was just a long term measure. Fortunately this first public information which went out from the house with regard to this measure has not been able to take hold. The common sense of the farmers and of the people who live in our towns and cities, as well as the tremendous, almost fantastic support that this resolution has received from newspapers and editors, from farm organizations, from the great weeklies across Canada and from newspapers in general in their news columns and special articles, have brought to the attention of all segments of the population the achievements of which this measure is capable. I think the thanks of all Canadians are due to these agencies of public education.

I am very glad to have the support of the knowledgeable members of the C.C.F. party in connection with this measure. I think it takes the bad taste out of one's mouth when one considers some of the things which have been said by various members about it. If any person tries to divorce this from the over-all agricultural policy of the government, that person does a great injustice to what we are attempting to do here.

This is part and parcel of a national program for agriculture which is a logical, co-ordinated attack on the fundamental weaknesses we see in agriculture. It is just as important as the stabilization act; it is just as important as crop insurance will be some day; it is just as important as this new power which is being put into the battle on behalf of farmers, the farm credit corporation. It is part of a program for agriculture which is the basic cornerstone of a national development program.

Perhaps I may say something now which is not altogether new. When I was in the United States last week I discussed with the secretary of state for agriculture and the secretary of state for the interior of that country something of what we are doing here. Because of the great interest they took in the outline of our thinking we realized we should have more time to discuss this question, so I invited them, along with the head of the food for peace program, to visit us in Canada for two or three days to sit down and discuss the philosophy and principles of our respective agricultural programs and see whether we could not only bring agriculture and other resources together in our respective countries but also understand better the relationship of resources between the two main countries on the North American continent. I think it is hopeful for the future of all of us in Canada that the interest of these three men is as great as it is.

I should like to say a few words now on the general necessity for the agricultural rehabilitation and development bill, to be founded on this resolution. It is, first of all, to fill a most important gap which has grown up over the decades in our agricultural industry. It is a gap which has defied all attempts to get at the agricultural problem on the economic side. The people primarily the concern of this measure live on marginal and submarginal land. The policies of price stabilization, of crop insurance and of farm credit do not get at the real difficulties of these people who live on marginal and submarginal lands.

We do not know how many of these people there are. I have tried to get at the number by estimating those whose annual production is less than $1,200 a year. In essence they represent about 30 per cent of our people who, through the decades, have been occupying land which has slowly been becoming an agricultural slum. To get at their problem is one purpose of A.R.D.A. and, in my opinion, its main purpose. I cannot get

away from the fact that we are not using to the full the human resources of these 120,000 family farms. I put this forward as the No. 1 purpose of this program.

The second purpose is more general, and is somewhat along the lines of the remarks made by the hon. member for Kootenay West, the hon. member for Kent (N.B.) and other hon. members on this side of the committee. This measure represents an attempt for the first time on the part of any government to look at agriculture as a unit and not to regard the various commodities separately. This is an attempt to look at the opportunities for the intelligent use of land and water not only in the field of agriculture but also in the field of the related resource industries.

I recently heard one person express this in a highly dramatic way. He said that if we ever departed from the thought that the forest industries of Canada and the agricultural industries were not related, we were doomed. He said not only were the forests and farms of Canada twins but they were Siamese twins, and to separate them would be fatal to both.

This is the approach I have in mind as the second great purpose of this program, namely to attempt to look at the interests and needs of our forest and other resource industries and the various aspects of our agricultural industries and relate them, to plan policies that would permit taking advantage of the opportunities in both fields.

I spoke earlier of the tremendous response to this program on the part of many people throughout the country, I spoke of the warm response of many people who have worked in this field for many years, of experts in various departments of agriculture across Canada, of experts in resource departments and branches, and I included in that reference the editorial writers and newspaper people whose attention had been drawn to this program. The clippings I have on this subject could be numbered only in the several hundreds.

I wish to place on the record some of these editorial observations to indicate to the committee and those who in years to come read this record that there is now general support across this country for this program. The following is an editorial from the Calgary *Albertan* of February 2, 1961 under the title "Rural Development":

> Agriculture minister Hamilton's rural development program got a cooler reception than it deserved when it was introduced in the House of Commons last week. Opposition spokesmen, particularly the C.C.F. leader, Mr. Hazen Argue, condemned it because it promised to bestow no immediate benefits on Canadian farmers. We doubt—and certainly hope—that Mr. Argue's attitude is not shared by the majority of the farmers for whom he presumes to speak.

I think it is not shared by farmers generally. I continue:

> Mr. Hamilton's program has three main facets. One objective would be to take marginal land out of cultivation by using it to grow trees or grazing grass (depending on the location and economic possibilities). The second would be to promote economic diversification in rural areas through the encouragement of local industry, the development of recreational facilities and the provision of technical training opportunities. The third, involving an expansion of the activities of the existing prairie farm rehabilitation administration, would be the development and conservation of water and soil resources.
>
> Obviously, these are not the sort of measures from which either farmers or the nation can expect immediate returns. Their purpose is to strengthen Canada's agricultural economy and thus gradually overcome or reduce some of the difficulties farmers now face: crop losses due to inadequate moisture, soil wastage caused by the planting of land that should never have been put to the plow, excessive dependence on too few crops, lack of employment opportunities for the sons and daughters of farmers, and so on.
>
> A great many questions remain to be answered. Since agriculture is a constitutionally joint federal-provincial responsibility, Mr. Hamilton proposes to operate his rural development program as a co-operative venture. That means that it will not get off the ground unless the provincial governments take a more positive view of it than does Mr. Argue. Administration will be complicated both by the complex nature of the program itself and by the fact that Ottawa and the provinces must work in harmony; yet success will depend on enlightened, flexible management capable of taking varying local circumstances into account. Finally, the active support and willingness to take the initiative of rural people will be absolutely essential, and a deplorable number of Canadian farmers seem to be all too ready to "let George do it."
>
> Nevertheless, Mr. Hamilton's program is pointed in the right direction. Let his political and other opponents pick on the flaws of detail if they wish; but let them do so constructively, with the object of improving upon the minister's design, not of ripping it to pieces and consigning it to the wastebasket.

I do not think what I have to say could be expressed in better words than those of this editorial. I need not tell hon. members from western Canada that the Calgary *Albertan* is not known as a Conservative newspaper. I also have in my hand an editorial from the Toronto *Globe and Mail* of January 28 entitled "Rural Rehabilitation", only the last two paragraphs of which I shall read:

> As to the first charge, a scheme of this sort must be very general at the present stage; partly because the full extent of the task is not yet known and partly because agreements have to be reached with the provinces on the specific measures to be taken. As to the second, it is surely the merit of the project that it is a long term approach to long term problems. It is designed to pay economic dividends for the future, not political dividends for the next election.
>
> This last criticism, indeed, comes rather oddly from the Liberals. During their long tenure of office they did almost nothing about this problem of submarginal lands and submarginal living; that

is one reason why it has grown to its present proportions. They are hardly entitled to demand immediate solutions now.

Having read those two editorials, one from a business paper in the east and the other from a city and farm paper in the west, let me say I think they are indicative of the type of support that has been given to this program. We all accept the fact that it is a long term program but, because it is, I hope that people across Canada will not fail to realize its immediate advantages.

If we throw enough effort into this program in the next five or ten years and, getting at the alternative use part of the program, shift the people on the farms to alternative types of production where they may receive greater returns, not only will we increase their returns almost immediately but there will be as a result of the shift an immediate impact on the farmers who are now on the better land. The farmers on the better land will be those who will receive the immediate benefits of this program in so far as the alternative land use aspect of it is concerned.

I hope this point will be carried by every hon. member into all ridings in Canada. As the program develops and as the money is spent in the poorer land areas of our provinces, it should be driven home to all those concerned that the immediate benefits go to the farmers on the good land. I hope this point will in some measure meet the criticism that the program is long range.

I wish now to express sincere thanks and appreciation to the many hundreds of people who have written to me as the minister in connection with the suggestions I made relating to tree farming, forest farming, wood lot development, and related subjects.

I have been quoting figures as part of my educational program. I have said it is possible on many farms in eastern Canada to raise one cord of pulpwood per acre per year. I gave that figure with some timidity because I was not an authority on this subject. I examined what had been done in silviculture programs by various organizations across the country and selected the figure of one cord per acre per year. Many farmers are writing me saying they are doing a lot better than that. One I think of in particular wrote to say he started out with three quarters of a cord per acre per year and has now raised production to one and three quarters cords per acre per year. Therefore the figure I had been quoting as evidence of the extra income which could be derived from using land for this purpose is apparently a very conservative estimate.

One farmer, not in the east, not only wrote to me but wrote to the Winnipeg *Free Press* under date of November 26, 1960. That was before the legislation was introduced in the commons. Let me read one paragraph from that letter:

Today the need to rehabilitate the marginal farm, and the need for off-season employment, again direct attention to the need for tree farming. Let us not overlook the fact that, wisely developed, farm forestry can make employment on the farm during the off-season for field crops the most remunerative portion of the year. If given a fair chance, too, it can re-establish the attractiveness of rural life.

I do not know this farmer, but I have read a good deal about him since. A *Free Press* editorial dated November 12, 1960, dealing with the same subject, had this to say:

The important aspect of all this for the individual farmer is that lumber, and its by-products, are readily marketable. Converted to forestry, the uneconomic marginal farms could return a profit to the owner. To the province at large, there would be additional gains in conservation of wildlife, transformation of scrubby, desolate areas into scenic beauty, with all the attendant implication for the tourist industry, and the provision of additional employment opportunities.

As Mr. Dawson rightly suggested, the responsibility for encouraging farmers to grow trees lies with the province. The provincial government is currently engaged in taking stock of its assets and liabilities in these very areas that would be best suited to tree farming. It should not, in its studies, overlook the possibilities in forest farming.

Here we have examples from all across the country, the east, the west and the centre, speaking of the type of program that I have been talking about under this resolution. Not only are newspaper editors doing it, but others are talking in the same vein. Here is a clipping from the Toronto *Globe and Mail* dated February 8, 1961, with the heading:

Jaycees urge northern study, regional plan.

The article goes on:

Creation of a commission to study the problems and assess the potential of the northeastern part of the province was recommended yesterday by the Ontario junior chamber of commerce in a brief to the cabinet.

I am leaving out a couple of paragraphs. The article continues:

Besides calling for a commission to survey the area, the brief urged that a regional plan be drawn up to direct development and that a regional planning office be established to implement the plan and provide leadership.

This is the same thing we envisage under our rural development program. In the Edmonton *Journal* of January 17, 1961, I find the following headline:

To spend $500,000 for seven pastures.

This is a program of the Alberta government to spend this amount of money in the next 10 years to build pastures on a total of 185,000 acres that will give the farmers in the dry land areas and in the irrigated areas a diversified use of their land that will

increase their income. This is one of the types of proposals that we are thinking about in the west.

Here is a story from the *Rural Co-Operator* of February 28, 1961. The headline reads:

East asks land use plan.

The article reads in part as follows:

The eastern Ontario development association has asked the provincial government for a conference in the east to set up an area program of land use. The request is contained in a 54-point brief to the government.

Specifically addressed to the Department of Agriculture is a request for more encouragement of tree planting on submarginal land, of which the east has much. The brief asks for expansion of export markets and research to find alternate uses for farm products.

If I may, I should like to head down to the maritimes for a moment and take an example from the Charlottetown *Guardian* of January 27, 1961:

No estimate can be made now on what share of cost the federal government will assume in each type, but spokesmen for the Shaw government have already indicated their desire to co-operate, and their belief that the program can be put to good advantage in this province. By helping low income farmers, our whole economy will be benefited and our basic industry placed on a less precarious footing. Not least significant is Mr. Hamilton's assurance that it is not the purpose of this legislation to reduce the number of farms.

I think this is sufficient to indicate that the support for this program across the country by individuals, by organizations, by university people and by the newspapers particularly, has been gratifying.

I should like to conclude my remarks by putting the proposal that I have made into its simplest terms. I am asking the support of the committee for this resolution, which will permit us to spend money to achieve certain purposes. These purposes are first of all to give some sort of opportunity for additional income to the 30 per cent of our people who live on the marginal and submarginal lands; and second, to use this program as a vehicle to start on the over-all conservation approach to the use of our resources. These two purposes, although they are long run in their application, will bring about immediate benefits to all agriculture and to the country.

May I give in conclusion a set of figures to indicate the size of this program. I should like to give the committee the actual figures of income of farms which returned less than $1,200 a year. The reason I do this is that on January 25, when I introduced the resolution, I gave the percentage of farms in each province that had a gross production of less than $1,200 a year. On reading some of the editorials and accounts across the country I saw where one province gloated over another province because their figure was lower, which they said indicated that they must be better off.

In order to prevent any misunderstanding I am going to give the figures for gross income in 1950; this means the amount of cash income the farmers received. I am going to give it to the committee province by province. The first set of figures quoted on January 25, 1961 were figures of the total production of the farms in each province with incomes less than $1,200. The production includes the amount of food that goes to family living on the farm. The figures that I am going to give now are for the total cash income of farms, province by province. Therefore any province which was particularly proud of the fact that its percentage was less than that of another province may find these figures interesting. They are taken from the 1951 census and apply to the farms in 1950.

This is a table giving the percentage of farms with gross incomes below $1,200 in 1950; this is the way the farmers measure, by income, not by production:

Newfoundland	88.8	per cent
Prince Edward Island	48.1	" "
Nova Scotia	72	" "
New Brunswick	69.7	" "
Quebec	47.3	" "
Ontario	29.3	" "
Manitoba	28.7	" "
Saskatchewan	26	" "
Alberta	29.6	" "
British Columbia	54.5	" "

That is an average for all Canada of 37.9 per cent in that wonderfully prosperous period of 1950. Thirty seven per cent of our farmers in that period had a gross income of less than $1,200 a year. I submit, Mr. Chairman, that with respect to the type of program we have outlined in general, this table alone is sufficient evidence to warrant the support of this resolution by all hon. members.

Mr. Racine: May I ask a question? Is the minister in a position to tell the committee whether he expects those new regulations to take effect before the end of 1961?

Mr. Hamilton (Qu'Appelle): The timetable I had in mind was to have the resolution introduced before Christmas. It failed to get that introduction. Following the introduction of the resolution in January I thought there would be a debate for two days. Then I intended to go to each of the provinces, see the provincial governments, sit down with them and work out the general framework for a series of agreements that I thought we should work toward, especially the areas where research has to be done before agreements can be completed. Following that meeting with the provinces there will be a time

lag, as they work on this, in some instances of three or four months. I want to discuss with them the terms of the bill to see if it is broad enough to cover the various types of agreements we have in mind. Second, I want to go to the farm organizations, who have been most co-operative and helpful over the years in suggesting this idea, show them the legislation and ask if they have any ideas for broadening it. I do not believe anyone would want to narrow it.

With these facts in mind, I could come back to the house—this is now March and I am three months behind schedule—by May 1 with a series of more definite ideas which will enable me to indicate to hon. members the type of agreement into which we will be entering. When hon. members see the bill they will notice a section that protects the right of parliament to express its will before agreements can be put into force. In answer to the question may I say that keeping in mind the amount of work that has to be done, I would hope there would be at least a pilot agreement in operation in almost every province before the end of the year.

Mr. Boulanger: I should like to ask the minister a question. This resolution indicates a long range policy. Will he have a short range program to aid the farmer?

Mr. Hamilton (Qu'Appelle): During the last three years we have been putting forward these various aspects of a national agriculture program. First of all, there were the tremendous efforts that were made in connection with sales. Then, there was the stabilization of prices, which is in effect now and the results of which are showing in the income figures. The third item was crop insurance, and the fourth item was the farm credit corporation which commenced operations only last April. These items are designed to help the farmer immediately, and to help the 70 per cent who are on reasonably good land.

Our desire is to bridge the gap that exists between those farmers who are on reasonably good land and those farmers who are on poor land and cannot be helped by these measures or who are producing something that is in surplus. This measure would enable such farmers to take the land out of that type of production and put it into a new type of production. There is, therefore, an immediate effect there. The whole agricultural program is co-ordinated and long range. There is, however, no program for additional subsidies to take up the slack immediately, excepting those that are already in effect.

Mr. Martin (Essex East): I should like to ask the minister one question. However, before doing so I might say I am rather disappointed, as I am sure all members will be, to hear that what we have before us represents the complete program of the government for meeting the problems that face agriculture.

[Mr. Hamilton (Qu'Appelle).]

An hon. Member: Nonsense.

Mr. Martin (Essex East): Someone says "Nonsense". This term, then, would apply to the words of the minister because what I have said arises from his statement that this program, together with the others that have been proposed earlier, represent the complete program of the government with regard to agriculture.

Mr. Cardiff: An absolutely false interpretation.

Mr. Martin (Essex East): My hon. friend, who is a keen interpreter of words, says that is a false interpretation. I have just listened to the minister say that, and the minister does not quarrel with what I am saying.

I had been under the impression that the minister proposed, once this resolution was passed and the bill had been introduced, to send the bill based on this resolution to the provincial governments as well as to certain national farm organizations. I believed that after these organizations had had an opportunity of examining the contents of the bill, the bill would then be given second reading. This procedure had suggested to my mind that the bill, in final form, would not be disposed of this session.

A few days ago the minister corrected that impression and said that was not his intention. I welcomed that statement. But can the minister now give the committee an assurance that the government will bring this legislation forward at the earliest possible moment so that there will be no delay and so that this measure can be enacted before the end of this session? Next Wednesday we shall be adjourning. Is it the intention of the government to bring this measure forward immediately, say tomorrow, so that there will be no delay in passing the resolution and obtaining first reading of the bill before the Easter recess?

If we wait until after the Easter recess, then of course the minister runs the risk of not being in a position to bring the legislation back into the house and dispose of it this session. Will the minister give us an assurance now that there is no doubt he proposes to take steps that will ensure the passage of this bill before this session of parliament terminates?

Mr. Hamilton (Qu'Appelle): I am sorry the hon. member was not in the committee when I gave the explanation. I made it quite clear that the timetable upon which I was working envisaged the passage of this resolution today.

As a matter of fact. I think there is good reason for believing it could go through today. Then I could take the bill to the farm organizations and the provincial governments and return with the bill to the house about May 1. The reason I set May 1 as the date was that I did not believe it would be humanly possible to have conferences with 10 provincial governments and several of the main farm organizations in any shorter time. I certainly should not like to bring this bill forward for second reading unless I had consulted with the provinces and the farm organizations.

I will give this assurance to the hon. member: unless there is a filibuster on the part of the opposition, the bill will be passed before the end of the session.

Mr. Martin (Essex East): There will be no filibuster, but I am afraid you are delaying too long.

Mr. Michaud: I should like to ask the minister a question. In his remarks he used the term "30 per cent" a couple of times. I was not clear what he meant by that term and I wonder if he would repeat the reference to 30 per cent of the population. Does that refer to the farm population affected by this measure?

Mr. Hamilton (Qu'Appelle): When I introduced the resolution, I presented a series of figures taken from the 1956 census. There was a tabulation of the farmers who had a production value per farm of $1,200 a year or less. The number of farmers who had this production value ran from 78 per cent in Newfoundland right down to 4 per cent in Saskatchewan and the total for the whole of Canada was 21 per cent, if I remember the final figure correctly.

Because of the fact that these figures were quoted widely across the country, and some provinces took delight in the fact that their percentage was, say, 9 per cent as opposed to that of another province which was 20 per cent, I thought I should pick a better year, namely 1950, and use cash income as the term of reference since most farmers use this term. It seems that 1950 was a better year financially than 1956, yet 37.9 per cent received $1,200 or less in that year. The figure I quoted on January 25 was 21 per cent, and this 30 per cent figure that I have been using is about halfway between the 38 per cent and 21 per cent. In numbers of farmers across Canada, this would represent about 120,000.

Mr. Best: I want to speak about this measure that is before us today. First of all, I should like to congratulate the minister. He has received congratulations, of course, from all across Canada and I think it has been stimulating to hear the commendation this resolution has received. The minister has read into the record the favourable comments on this resolution made by various newspapers and farm organizations across this country. This resolution, which is now being called by the name A.R.D.A. has been welcomed with optimism and confidence. I think that many of us will remember that the hon. member for Essex East criticized the Minister of Agriculture for his optimism during the agricultural debate about a week ago. I believe that the farmers across our country need optimism, understand it and welcome it. I suggest that forecasts of doom and gloom such as those made by the hon. member for Essex East will not be satisfactory to farmers and certainly are not what they want. I am certain that those farmers need a measure of optimism and confidence such as that expressed by the Minister of Agriculture.

This resolution is in several sections. One is to allow the Minister of Agriculture to enter into agreements with the provinces for alternative land uses, employment, and conservation practices. The second involves the payment to provinces of contributions toward these projects, if initiated. The third measure authorizes the minister to undertake research programs which might give assistance to the over-all plan. The fourth measure will establish advisory committees to co-ordinate research and the program itself, at various levels of government.

What briefly is this problem with which we are faced? It has been repeatedly stated by others and by the Minister of Agriculture when he brought it to our attention on January 25, 1961, that the problem is varied. The Minister of Agriculture mentioned certain figures in his statement of January 25, 1961. Those figures show that, according to the 1956 census, 21 per cent of the farmers in this country have farms which produce less than $1,200 worth of produce annually. Many sets of figures and statistics exist in this regard, but we are not happy about any of them. In the last three and a half to four years we have dealt with various specific measures in agriculture to aid this industry in Canada. Some of those measures are deficiency payments, aid to western farmers, and the outstandingly successful farm credit corporation which distributed a greatly increased amount of money under its authority. There have been other specific measures giving aid to different sectors of our agricultural economy, such as those for the fruit and vegetable growers. I am very happy indeed, as I am sure are many people across Canada about the Resources for Tomorrow conference to be held this autumn in Montreal. I feel that

this conference will be very stimulating and will have a favourable result.

It was stated by the Prime Minister some years ago that the specific measures for agriculture were to be followed by one which would be very basic and fundamental. It was stated that this would go to the roots of our agricultural economy and the roots of our problems which we inherited from the previous government. The measure now before us is optimistic and goes to the heart of the problem. Criticism has been raised by the agricultural critic of the opposition—I am confused as to whether he is No. 1 or No. 2 critic—some weeks ago regarding the long range aspect of this measure. At that time I felt that the hon. member for Essex East was just raising straw men and blowing them down in order to present some sort of objection to a measure with which he fundamentally agreed. I think he agreed with this measure because, if one glances through his speech, one finds that very little constructive criticism is brought forth.

The Prime Minister some time ago dealt with the intention of the government in bringing out the sort of measure we have before us today. As recorded at page 4345 of *Hansard* for August 30, 1958, he stated that various specific measures were needed and also a more general and basic measure to attack the agricultural problems with which we were faced.

Of course during the last few decades previous measures have been taken by this house directed to various sectors of this problem. I speak of measures such as the National Parks Act, the Prairie Farm Assistance Act, the Prairie Farm Rehabilitation Act and the Maritime Marshland Rehabilitation Act, all of which to some extent have had a favourable effect on the various parts of the country. Although these measures were brought out, some of them by the previous government, at different times with the intent of solving this general problem, they are in many cases contradictory. They certainly are not co-ordinated as an over-all plan in an attempt to solve the basic and fundamental problems of agriculture in this country.

This problem as we see it is a varied one, as has been stated by many people and organizations, some of which I will mention in passing. They include the Agricultural Institute of Canada, an association of professional agriculturists and others. In the November-December, 1960 publication of the A.I.C. we find comments regarding the technological revolution in agriculture and the need for basic solutions to the problems of the agricultural industry. In view of the many different problems we of course must have many different solutions.

Land use in Canada is a matter which has come forcibly to public attention only recently. I think many of us have been surprised, in travelling overseas to various countries of Europe and Great Britain, by the tidiness of the farm lands. Those areas of course have been faced with different problems than we find here in Canada. We possess a large amount of agricultural land and we have been wasteful. Perhaps the tidiness of land overseas is accounted for by centuries of good husbandry. Our Canadian farmers are famous for livestock and in the production of various breeds and strains which have been exported to other countries of the world, but we are less famous indeed for our land use, and I think with justification. Farmers in Britain and northern Europe have solved their many difficulties over centuries by research in husbandry and, by the evolution of perfected techniques and meticulous care have preserved their lands for generations to come.

I feel that the resolution before us today is fundamentally addressed to another facet of the problem as well. I believe it is addressed to land, water and air—although air is not specifically mentioned as a national resource—that is our material resources. In addition this measure is directed to our human resources, to technological change, education and relocation, if desired by the people of various areas, something which is perhaps even more fundamental than is the problem of land use.

The difficulties which face our agricultural industry are common of course to the country south of us. These difficulties have been courageously stated by various leaders in this country. I should particularly like to commend the former minister of agriculture and other individuals, such as the minister of agriculture for the province of Ontario, who have recognized and courageously announced the difficulties facing this industry. To deny that these difficulties exist in the agricultural industry in various parts of this country is the same as denying that great industrial cities are faced with slum and rehabilitation problems, and it would be obviously incorrect to do so. These problems do exist and solutions must be found for them. Nevertheless in backward agricultural areas where the average annual income is low through a combination of reasons, such as climate, soil, lack of capital and markets, there is still a great attachment to the land. Perhaps through one or several generations of settlers and their dependents, these people have worked this land. They have grown to know each other and have developed a

community spirit. To say, as did the hon. member for Assiniboia, that this resolution means that these people are to be moved or taken off the land is to fail to recognize the human values, the human problems and the community problems which this government recognizes and which do exist.

I believe we intend through this measure to give voluntary inducements to farmers in various areas to take advantage of its provisions, through the various matters and results worked out with the provinces and perhaps the municipalities, whereby these people may help themselves. We have no such socialistic tendency, doctrine or intent to move vast numbers of people off various sections of the land. I am sure that is not the intent of the government.

The problem has been studied by various people and of course by many organizations throughout this country and indeed throughout the world. I have looked, as I am sure have many hon. members, at the interesting study of the scientific conference on conservation and utilization of resources of the United Nations at Lake Success, New York, in 1950. This conference received various papers on the world resources situation and made many comments on this aspect of the situation. For instance, they said that use of material resources increase in a geometrical fashion, that the problems we face with regard to oil, water, minerals and so forth, really jump by leaps and bounds and would come on us very fast in the future.

World population is a problem and an area which is not unrelated to the resolution with which we are concerned today, because the measures that this government or any government in Canada must take are of course related to our export markets and the need and demand for Canadian agricultural produce around the world. It appears that in many countries mechanization, for instance, is not necessarily an answer to a food shortage. Real utilization of the present large labour force in countries in Asia and perhaps Africa is the greater need.

We have a critical shortage of foods in various parts of the world. It may be that Canadian agriculture can fill the gap here, or it may be that certain means of transportation, or indeed of preservation of foods, improving their keeping qualities, and so forth, will have to be brought about before any tremendously increased demand for certain Canadian agricultural products can be achieved even in these areas which need them today.

This conference pointed out the great likelihood that the demand for forest resources and forest products would increase tremendously in the decades immediately ahead. This is a good thing, because it is the intention of the minister and of the government to increase our output of forest products as a method of alternative land use. As well, the increase in community pastures, different crops, and so forth, is commendable.

The problems in agriculture have been set out in many publications. I have here the publication "Outlook on Agriculture" published by the Imperial Chemical Institute of Great Britain. Included in this publication are certain comments on a meeting at Cardiff of the British association for the advancement of science on September 5, 1960. The world food problem was studied by this body. As I say, this bears a relationship to Canada's agricultural program and the demand for our various commodities. We know, of course, that the number of farmers is decreasing each year in this country. On an average the figure has been approximately 10,000 less each year.

The committee of the other place on land use has studied problems and solutions put forward by a variety of witnesses. These very interesting documents provide perhaps as useful and as large a source of information in this field as any publication or series of publications in this country. Among the areas studied were the effects of the rural rehabilitation program in the United States. The problem in the United States is still present, but it has been attacked and a solution was begun a number of years ago. In its last volume, I believe, this committee studied the United States program to rehabilitate some of their people under the rural development program.

It was found that after about three years of operation the program was going ahead in some 200 counties and 30 states, and in Puerto Rico. For instance, in the United States some two million farms produce 90 per cent of the farm products, and about 2.7 million farms produce the remaining 10 per cent. This situation is perhaps not entirely analogous with what we have in Canada, but it shows that this problem is international in its nature and is not confined to our country.

The three main aims of the United States program were evidently to help those who wished to stay in farming to get the necessary tools, credit, information, and so forth, to widen farm opportunities of employment and to assist farming people to obtain better training and better health schemes. This program came into effect in June, 1956, when the needed legislative authority was granted by congress and the funds required by the federal government for the carrying out of the program were appropriate. It is interesting to note that the amount of money spent

in this program by the federal government in the United States was very low indeed. Appropriations specifically earmarked for the rural development program were $2 million in 1957 and $2.5 million in 1958. These are incredibly low amounts for the size of the country and the magnitude of the program.

The basic principle of this measure in the United States was the co-ordination and co-operation of self-help at many different levels, with municipalities, state governments, the federal government, the church, industries and every facet of the local economy playing some part.

This United States program has come under some criticism because of the speed with which action has been taken. For instance, the Eisenhower administration believed that this measure should be carried out at a certain pace, but the National Planning Association of the United States—and I am now quoting from the *Christian Science Monitor* of December 16, 1959—felt that much more massive federal aid would be necessary.

However, it would seem that however this program works out both in the United States and in Canada it is essential, no matter what proportion of funds comes from what level of government, to have intense co-ordination and co-operation from all levels of government, and indeed of the community. It will be seen, therefore, that the solution of this problem is complicated indeed. May I refer members to the report on land use by the Conservation Council of Ontario, the economic survey of eastern Ontario by the provincial department of economics, the Saskatchewan Royal Commission on Agriculture and rural life, and the Gordon report.

In concluding I should like to point out two or three specific examples of what has been happening in my own province of Ontario and across Canada. In our county of Halton we have parts of four river valley conservation authorities. There are some 20 odd of these authorities in the province of Ontario, and they are doing very successful work. They are at various stages and ages, but they are accomplishing work and focusing the attention of the public on the conservation of soil, land and water, and providing park areas, flood controls and many other benefits.

In our own county we have parts of the Credit Valley conservation authority, the Grand River conservation authority, the Sixteen Mile Creek authority and the Twelve Mile Creek authority. In such organizations as the Sixteen Mile Creek authority, the present chairman, Mr. Robert Marshall and the vice-chairman, Dr. Carl Martin are examples of pioneers and dedicated citizens playing their part in many river valley conservation authorities throughout Ontario.

I might say that in my own riding we have certain historic land masses. The escarpment runs north and south throughout my county. It is an unusual area, one which provides timber, the rising of streams, and a natural conservation area, and it is falling to our local conservation authorities to play some part not only in water conservation and reforestation, but in the preservation of historic and important sections such as the escarpment ridge for generations yet to come.

An interesting example comes from the *Globe and Mail* of Saturday, January 28, 1961. Here is an example of co-operation and self-help on the local level in Manitoba. I am reading a headline here: "Farmers, Business, Work Together". This was the Brandon area development association, formed to help farmers increase their income, find new markets in the Brandon area, raise the standard of their products and finally develop new industries allied to the district's agricultural enterprises. This is just the sort of local example set in recent months in Manitoba which is envisaged on a larger scale by the resolution before us today. This resolution, for its effectiveness and success, will be very dependent on local planning and the sort of action taken in Brandon, Manitoba.

I should like to mention certain specific recommendations before I sit down. It would seem—and of course, it is part of the resolution itself—that a co-ordinating group or committee between various federal departments involved in this over-all plan should be set up. I imagine this would be implicit in this measure when it is spelled out in more detail. I think the departments would include those of agriculture, forestry, health and welfare and trade and commerce. In order to have a co-ordinated over-all attack on the problem, such departments, and indeed others, would have to play their part. A joint federal-provincial committee for each province wishing to participate in the scheme would seem necessary at some stage. This matter of liaison within the federal government and between federal and provincial governments together, probably, with representation from municipalities and so forth, would seem most important.

I think—and I must stress this—that a thorough examination of financing and credit methods in connection with tree farms and reforestation would seem in order. Increased reforestation, to be more attractive and to be given incentive, might come from the expansion of existing facilities under the farm credit corporation or some new body might have to be set up to perform this function.

But in any case, if we are to make it attractive for people to go into this reforestation and tree farming business, further measures will be necessary.

I have spoken of the need for co-operation with the provinces, and perhaps this co-operation should first of all begin with specific areas. Perhaps pilot schemes or pilot areas will be necessary. It is difficult to know where to start in our country and it would be wise to select certain areas in a province which have expressed an interest in this scheme and to see how it goes there first of all.

I was interested in the speech made by the hon. member for Essex East the other day. I thought it was a little empty and windy but the hon. member did stumble on one specific matter in connection with land use surveys, and soil surveys but he failed to develop it fully.

Mr. Martin (Essex East): I only had half an hour.

Mr. Best: I thought this was a matter which should have been gone into in a greater degree. We should complete our soil surveys right across this country and, following that, there should be a land use survey such as that which was done in Britain by Professor Dudley Stamp and which, of course, took many years. This seems to me a basic prelude to the implementation of any scheme envisaged by the resolution before us.

On another specific question, I think when we go into reforestation and tree planning we must remedy any deficiencies which now exist in our tree breeding and seedling production. We all know that within white pine or red pine seedlings, for example, there can be as great a variation as there is between a good and bad example of any one breed of livestock. It is evident that although a good deal of breeding and research has been done in the past, something in the nature of a crash program may be needed in order to produce more vigorous and fast growing tree seedlings for the benefit of farmers entering upon these schemes.

I have mentioned the hon. member for Essex East. I should like to comment briefly on the hon. member for Assiniboia who on January 25 made some arguments about this measure. He thought that getting farm products to market was the imperative matter and that support prices, priority prices and so forth were much more important, and that this resolution was only a sideshow. I submit that this is the sort of basic measure for which Canadian agriculture has been looking. It is interesting to examine what might be the result of the policy of the hon. member for Assiniboia in advocating high support prices, more money and greater security for farmers in respect of specific commodities.

There are only two results which one can expect from his policy, in my opinion, and the hon. member does not seem to have spelled them out to farmers as he should. One is that we shall have disastrous overproduction with the consequence that the government will step in to market the goods or to play some part which farmers do really not want. The second thing which may be implicit in high support prices is severe production controls. Why does the leader of the C.C.F. group in this house not mention this when he talks to Canadian farmers? Severe production control limiting each farmer to a certain specific unit of production would be necessary. This does not go with Canadian agriculture in general and I am sure Canadian farmers would not be happy with this sort of procedure.

Mr. Peters: Mr. Chairman, I was interested in the minister's remarks this afternoon and his criticism of the opposition for not having passed the resolution some time ago. Is this not a problem in respect of all legislation? The house leader appears to have had to juggle this resolution from time to time. If the minister were to stay within the call of the House of Commons we could have proceeded with this in a more orderly fashion. If we did not jump around from month to month with respect to this resolution it would eventually pass. If we are accused of prolonging the discussion, let it be remembered that much confusion could be eliminated if the Minister of Agriculture would pursue one piece of legislation to the end before starting half a dozen other things.

We must view this measure through the eye of the farmer. The farmer will remember the Conservative vision of a few years ago on which the Conservative party campaigned. The farmer will remember that this same hon. gentleman, the present Minister of Agriculture, put before the Canadian people the vision of northern development. He spoke of glorified solutions to the problems of developing the north. He spoke of a city encased in a bubble of glass on the very rim of the Arctic circle. There was no truth or sincerity in that vision. It has not come to pass nor will it do so for a long time.

Some of the minister's suggestions concerning solutions for the problems of agriculture are just as much a pipe dream and a vision as were his suggestions regarding northern development on which the Conservative party campaigned not long ago.

Hon. members of the C.C.F. have always been interested in the advantageous use of agricultural lands. We and all farmers know

that much of the land in Canada should never have been put into agricultural production because of unsuitability. It was cleared and developed for agricultural purposes because there was no control or regulation of land development and no advice was given concerning the suitability of land for agricultural use.

Changed conditions have come about. We all know that the accessibility provided by our waterways and transportation systems was a feature in the development and exploitation of some land. It is a tragedy that, because of lack of government supervision and control, much land which should have been left in forest production has been wastefully exploited. This is true of many parts of the Ottawa valley, my own area and parts of northern Manitoba and of other provinces. The government should have given leadership in this regard; and because of our failure to provide leadership in the past we perhaps deserve what has taken place. In my area it is now possible to receive provincial government assistance in putting land into production but the cost of putting such land into production is more than the land would ever be worth.

It is no solution to agricultural problems for the government to say it has a vision of trees growing throughout Canada on land not suitable for agricultural production. The results envisaged by the government will not come about overnight for the simple reason that many people who now depend on revenue from woodlots are not receiving any more income from land put to this use than they would receive if the land were devoted to any other type of agricultural production. In many cases such farmers fall into the category of the 29 per cent who receive less than $1,200, to which group the minister referred this afternoon.

The government has referred to this wonderful solution to agricultural problems but it has taken a strange position. The government has said in effect: "We have a wonderful solution but let us not do anything about it; we will let the provinces do something about it. Let them decide what they will do and we will assist them put it into effect". This government does not have half the guts, vision and authority of the former government which did not have those qualities in too large proportion either. The Liberal administration enacted the Prairie Farm Rehabilitation Act relating to various phases of agricultural development including community pastures. That government did not ask the farmers, municipalities or provincial governments to contribute to the program. That government gave something to agriculture from the federal purse through this program.

In the annual report of the Canadian Department of Agriculture for the year ended March 31, 1960, we read that there are now 64 operating pastures including a total of 1,814,544 acres. By agreement with Saskatchewan and Manitoba, large areas of land unsuitable for cereal crop production are leased to the federal government for the establishment of pasture facilities. Reference is made to individual pastures but little would be gained by such detailed reference here. It is indicated that the number of pasture patrons increased by 496 with 6,331 farmers and ranchers making use of the pastures in the 1959-60 season. Each patron pays a certain amount to the federal government to pasture a certain number of cattle or other animals on the community pasture. The former government inaugurated this program to assist western farmers and develop pasture.

The report also indicates that eight construction and three water development crews carried out an extensive construction and maintenance program on the pastures. In addition to 80 maintenance jobs, the water development crews erected 32 new windmills, dug 38 wells and established 21 dams, 31 dugouts and 16 springs. It is also indicated that regrassing, the construction of stock-watering facilities and irrigation development were the main types of work undertaken in the open plains pastures during 1959; 11,030 acres were regrassed, 14 dugouts and 19 dams were constructed, and further irrigation development was carried out on eight pasture irrigation projects in southwestern Saskatchewan.

The former federal government inaugurated this program and did not expect the municipalities or farmers to take the initiative. In view of the fact that the present government has not altered the program one may conclude that, on the basis of this government's philosophy, it is not opposed to programs of this nature. It is therefore difficult to understand why the government expects the municipalities, provinces and farmers to take the initiative in respect of the program dealt with in the present resolution.

Let us take an example of what the present government has done. It introduced crop insurance legislation. Under this legislation what did the federal government give to the farmer? It donated 20 per cent of the cost of the program and the balance must be provided by the provinces, municipalities and the farmers. We need badly what is envisaged in the present resolution but we should tell

the farmer he is not going to get much out of this measure. He is going to have to pay for it. He is not going to get any particular assistance from Ottawa. Therefore, I suggest right now we can guarantee that the federal government will probably pay the administration costs of this program but the provinces, the municipalities and the farmers themselves will have to pay a great share of the cost. This is not what should be done. The government should not say, "We want to talk to the provinces and see what they are going to do." The federal government should go out and say, "This is what we will do, and we will do it for any province, any farmer, or any municipality that wishes to meet the terms of the program that we will present to them."

This reutilization of submarginal land through agricultural reforestation is not something that will solve the unemployment problem. If under the program farm land is purchased and the farmer is removed from the land we shall eliminate that farm land from agricultural production and put it into forest production. That will take the farmer off the land, but it will put him into the ever-growing and increasing ranks of the unemployed. It will bring about two things. It will take the farm out of agricultural production and it will take the farmer out of farming and put him into the ranks of the unemployed. From the short range point of view, this program will not do anything to solve the problem of agriculture or to help the Canadian farmers, particularly the 37 per cent whose average income is less than $1,200. This is particularly true of the next three, four or five years.

May I say I think the minister has not been completely honest in his presentation of this program. I do hasten to congratulate him on having the foresight to assist in two things. One is the setting up of the Department of Forestry. Certainly he is a very influential member of the cabinet, and I think this is going to have a great influence on agriculture. The second is the bringing forward of this particular program, even though I do not think he has shown very much courage because he has not introduced it on a national scale. Instead, he is asking the provinces and the municipalities to do all the initial implementing of the program, with government assistance. He has shown some leadership in this field.

In the winter works program the Department of Labour has asked the municipalities and the provincial governments to do the major share of the work. This is also true of the tax agreements. The federal government has been willing to assist, but it has never been willing to give the initial leadership in these things. As to what can be accomplished—and this is not new—I hold in my hand an extract from the *Country Guide*, which was published last month, I think. There is an article headed:

> Managed woodlots earn $15 per acre.
> New Brunswick's tree farm program has turned wood into the province's most popular farm cash crop.

The article goes on to talk about a man who has assisted in the operation in New Brunswick. As I say, this program is not new; it has been going on in the province of New Brunswick for some time. I quote from the article written by Don Baron. He is speaking about John Torunski of the University of New Brunswick forestry extension service, and he says:

> When he joined the program, he was visited by John Torunski of the University of New Brunswick forest extension service. Torunski is a young man who knows forests and trees thoroughly. He was raised in Quebec and graduated in forestry from the University of New Brunswick. He has studied woodlot management practices in Europe (where certain species of wood are worth up to $300 per cord) and in several provinces across Canada. He is a pioneer in his own way, preaching the gospel of woodlot management with all the zeal any agricultural representative ever brought to farm extension work.
>
> Torunski sees woodlots as an ideal farm cash crop. "Once a well managed woodlot in New Brunswick is in production, it can produce over a cord of wood per acre, worth $10 to $15 annually," he says. "One man can look after 100 acres and do the work himself."

He visited a particular farm and discussed the program with the farmer. The article goes on to say:

> On this visit, he also inquired about Dunphy's farm program, because the woodlot and the farm must complement each other if they are to be successful. He talked over long term goals with Dunphy.

The article goes on:

> "No two woodlots are the same," Torunski explains, "so no two management plans can be the same either."

I shall leave out a paragraph or so:

> Commenting on his province's tree farm program, New Brunswick's deputy minister of agriculture, Reg. Gilbert, who played a big part in its success, says that woodlots offer the best hope for many farmers to boost their income. "Woodlots are the most overlooked cash crop I know of," he says. "The average woodlot produces only one quarter of a cord of wood per year—yet it can be made to produce several times that much."

Mr. Chairman, I will not quote any further from this article. I recommend that every hon. member read it and the recommendations which are included in it. They are brief and I should like to read them:

> Recommended Woodlot Practices
>
> Walk through every area in the woodlot at least once every 10 years to see what is there. Harvest trees that are ready, especially overmature and dying ones.

Marginal Lands

When working through an area, cut down dead trees as well as those severely infected by disease, even if they can't be sold.

Build a good road system through the woodlot, to save time hauling out wood. Roads should be 12 or 13 feet wide to carry trucks.

Get out and find a market for your trees. Take a few days every year to find out what kind of wood is selling and who wants to buy.

Consider leaving healthy trees standing for a few years, if the market for such species is not good. Markets change quickly, and such trees could be in demand in a few years.

I believe this is the program that has been put into effect. I am sure the minister is familiar with it and has given some consideration to it.

Previous speakers have mentioned that this measure is not going to do anything for the farmers. This article indicates that for a farm to be successful it must be 500 or 600 acres in extent. This program is going to mean that farmers will have to be moved from one area to another, and this can be done successfully. The farmers who remain will be integrated into a woodlot operation and other types of agricultural production. If this program is to be successful it will have to be supplemented with other types of agricultural operations. This type of development is seasonal and a part-time operation in many instances, and it is meant to supplement other types of farm income.

The hon. member for Halton who just took his seat pointed out that this should not be done. He might be interested to know that under the Prairie Farm Assistance Act, in 1959, the federal government carried out a rehabilitation program. I shall read from the annual report to the minister, which I recommend to the hon. member:

Where resettlement was necessary to rehabilitate farm families, farmers were given assistance in moving to irrigated land in Alberta. During 1959, three Saskatchewan farm families were moved to the Hays district of the Bow river project, completing the present phase of the resettlement program. There are now 162 farm families resettled on this project.

I would presume the reason they are being settled there is that the federal government purchased the land and developed it. They are now in a position to say that the land is resettled and production has begun.

This will also have to take place in Ontario, Mr. Chairman. Many of our farmers own farms of 160 acres, with 20 or 30 acres cleared, and they are trying to earn a living from the bush operations as well as from general farm production. These farmers are being penalized as a result of their inability to move from these farms and go into areas where other forms of agriculture are possible. Some incentive to move from such areas will be provided by this legislation. I would suggest that the incentive take the form of expropriation of the farm so the farmer could be paid for that land and the land could be brought under government control. At least we would then be able to plant trees and eventually bring the land into some type of production.

The situation to which I have referred does not apply to those areas in which woodlot operations are now in effect. The province of Quebec has been doing this type of work for years. The agriculture representatives in that province have gone to the farmers and advised them about these operations. However, in Ontario it will be necessary for the federal Department of Agriculture to set up experts in woodlot operations who will be able to give the farmers advice in silviculture and pest control and other forms of assistance in connection with these operations. This will have to be done on a federal basis. No longer will it be necessary to request the government of a province to undertake such a program, even with federal assistance.

There is another form of assistance that can be given, and that is in connection with the growing of Christmas trees. In 1957 Canada produced 12 million trees which were exported to the United States. These trees had a total value of $6,240,000 or an average of 52 cents per tree. Consumption in the United States had a total value of something over $45 million. It seems to me that many areas of Canada are in a good natural position to take advantage of this market for trees. However, this form of assistance will not be given by merely telling the farmers they can plant as many trees as they like because the trees will be supplied free. The December issue of the "C-I-L Oval" contains an article outlining the methods to be followed in planting these trees and in running such a plantation. The article states:

Under the plantation method, trees are planted in rows six feet apart, that is approximately 1200 trees to the acre, and they are ready for harvesting when they reach a height of six or seven feet. However, special types of trees must be chosen for growing in this manner.

The article then goes on to outline the different types of trees that should be used.

Many of the farmers in northern Ontario, Mr. Chairman, are now engaged in the business of pulpwood production. The hon. member for Halton said that we did not need government controlled marketing boards. He said we did not need government interest in this particular aspect of the problem. Let me tell him that if the government is not interested in this aspect of the matter I would strongly advise the farmer to stay out of pulpwood production because he is not getting anywhere near the value of his production. The manager of one of the larger paper companies in Canada said that it was costing his

company $40 per cord for pulpwood delivered to the door of the mill from the company's limits. At the same time the farmers in the surrounding area were being paid only $12 to $18 per cord for delivering their pulpwood to the door of that same mill. It seems to me that before we ask the farmer to take part in this large reforestation program we should be able to assure the farmer that he is going to receive a fair price for his products. Perhaps the farmer should be given some type of co-operative organization through which the producers would be able to get together and assure themselves of a much better price for their products than they are receiving now.

I have always been told how backward Ontario was in the development of agriculture. Perhaps the politicians have been saying this. I was surprised, therefore, to find that, according to the figures the minister quoted a while ago, 47 per cent of the farmers in Quebec received less than $1,200 a year as compared with 29 per cent of Ontario. These figures would indicate to us that the farmers in Quebec were not getting a very fair deal either. I am told that the province of Quebec has established government boards which market the pulpwood for the farmers. As a result of this procedure the farmers have been receiving as high as $28 per cord for their pulpwood in the area of Quebec which is just across from my riding. This price should be compared with the $12 to $18 per cord received by the farmers in northern Ontario.

It is all very well, Mr. Chairman, to say that this really does not matter and that this is not a field into which the federal government should enter. This resolution, however, does something for which we have been asking for a long time. This program can be advantageous to the farmer. I feel it is the responsibility of the federal government to do something to ensure the farmer of a market which will give him a reasonable reward for his effort in producing his crops. The minister will have to give consideration, first of all, to the need for the extension of services to woodlot operators. At the moment we have no federal agricultural representatives engaged in this type of educational program. We need agriculture representatives who will go around to the farms to discuss problems that will arise in connection with these operations, much as the provincial agriculture representatives do. The provincial representatives have set an example which the federal government will have to consider.

I believe the minister will have to reorganize his department. I understand the deputy minister will be moved very shortly and there will be a shake-up in the department that will permit the reorganization of that department. This reorganization should be done bearing in mind some of the better things that have happened in the provincial departments.

In addition, I believe that we need to supplement this reforestation program with a program for agricultural production. This is not a short term program; it is not something that will solve the problems of agriculture in Canada tomorrow or even 10 years or 15 years from now. The reforestation program has to be supplementary to good farm practices in other fields of endeavour. It could be supplementary to dairy production, for instance. It can supplement all the other forms of agriculture that farmers are now depending on. This can be an additional form of cash support. If we hold out the idea to farmers that they are going to be able to combine their farms with their neighbour's farm under one woodlot and make a living next year, I think we are misleading them.

The Deputy Chairman: Order. I am sorry to interrupt the hon. member but his time has expired.

Mr. Muir (Lisgar): Mr. Chairman, in introducing this resolution in the house on January 26 last the Minister of Agriculture detailed three types of operations which would be the basis on which the federal government, in co-operation with provincial governments, hopes to make agricultural rehabilitation and development a reality. Briefly they are projects for the alternative uses of land which are presently classified as marginal or of low productivity; projects for the development of income and employment opportunities for rural agricultural areas; and projects for the development and conservation of the water and soil resources of Canada.

This is just another step forward in the government's agricultural program as enunciated by the Prime Minister in 1958. Personally I believe this is a very important part of that program and I believe this view is shared by most hon. members in this house, because we are beginning to realize that rural development and conservation is one phase of our national life that we Canadians have been prone to disregard, even though it involves our most important national resources of soil and water.

Though we consider ourselves as a highly developed nation, with the knowledge and the techniques available to a modern society we continue to neglect to a great extent the lessons learned from past civilizations which refused to recognize the impact that

neglect and exploitation of these two resources had on their survival. There was some excuse, perhaps, in the early settlement of the nation for cutting down some of our magnificent forests in order to populate our vast country, or for putting to the plow thousands of acres of natural pastureland in the scramble to settle our western plains. There is no excuse for continuing this practice in this enlightened age, or for neglecting any opportunity to restore nature's cover to our natural forest and grass areas. The incidence of flooding has been rising notably in the past decade, and many of our fertile valleys, and even some of our industrial areas, are subject to recurrent floods because the natural cover, which in the past had slowed up the melting of the snow in the spring break-ups, has over the years been destroyed.

As important as the soil is to our society, water is probably the most abundant and and widely distributed natural resource throughout the world. Used intelligently, these two great resources complement one another to the greatest benefit of mankind. But in spite of the great abundance of water and our absolute dependence on it for survival, it is today our most wasted, most polluted, and most generally abused natural resource. Fortunately it cannot be destroyed. We cannot destroy it, but that does not mean that we do not have the responsibility to protect, control and conserve it.

One of our western farm papers, the Manitoba *Co-operator*, described the need for conservation in a recent editorial entitled "Conservation Need Grows". This article reads in part as follows:

> The need for soil, water and forest conservation is becoming more and more apparent each year, and is one of the major responsibilities facing the people today. A very impressive amount of work on conservation projects has been done and is being done, but far too many do not realize the ever growing importance of such undertakings. The work is not only for the practical and technical men who are engaged in the various conservation projects, but must receive wholehearted support from people in all walks of life. All must fully grasp the importance of such undertakings to arrest deterioration of soil, water and forest resources. They must realize a nation lives off the land, and play their part by helping to publicize and urge greater efforts in conservation work.

The article continues briefly as follows:

> History has long revealed that the wealth of any nation deteriorates with its soil. Once fertile lands along the Mediterranean coast of northern Africa are now desert wastes. Lebanon's cedars went with the soil. Eroding soil is reducing productive areas in many sections of Africa. Australia's black blizzards in the war years were comparable with those that swept out the dust bowls of the south west United States and western Canada in the drought years of the disastrous 30's. It is difficult for people in Canada, particularly those who did not experience the 30's, to visualize such scenes in this country for future generations, as those that existed in once productive areas now laid waste in other parts of the world. It cannot be too strongly emphasized that soil deterioration in particular in many parts of Canada, is now occurring at a rapid pace. The area of productivity can diminish speedily.

Hon. members will know, of course, that with the exception of our navigable streams, water is a provincial resource, the prime responsibility of the provinces. But, if we are to meet this problem of conservation of our land and water resources as it applies to rural development and diversification of industry, it must be a co-ordinated effort of all levels of government, municipal, provincial and federal and with the federal government, with agencies set up under this act, and perhaps in the western provinces through prairie farm rehabilitation, supplying advice, technical and financial assistance to provincial and local administrations.

In the province of Manitoba, though we have abundant supplies of water, the larger portion of it is in the northern half of the province, remote from the major concentration of our population. Even in the case of the relatively smaller bodies of water in the southern more populous areas, we quite often find the most likely source of water many miles from the desired point of use. Owing to our geographical location and climatic cycles, we have been accustomed to receiving our natural water in varying rates and volumes, both annually and over cycles of years. As an example, the Assiniboine river, one of our major but typical southern streams, can have as much as 35 per cent to 40 per cent of the total annual flow pass a given point on the river in a single month in the break-up period. It also has had as little as 1 per cent pass the same point in the single month of February. Also during the five-year period 1952 to 1957 over seven times the volume of water flowed through this river as flowed in the same length of time between 1936 and 1941. The same situation can be said to prevail on the Souris, the Pembina and other lesser streams. Thus under natural conditions we have floods in the spring and low water, or perhaps no flow of water, during the fall and winter.

As our population increases it is becoming increasingly more difficult, under those conditions, to provide modern sewerage facilities in our rural towns even though recent developments in disposal systems such as lagoons have made it financially possible to dispose of our sewage and industrial wastes without polluting our natural streams. This situation also makes it difficult, or almost impossible, for our rural communities to take advantage of any industrial development, in spite of the fact that there is no lack of

other facilities such as power, roads, transportation, communications, excellent schools and hospitals, and a potential labour force. With only one sixth of our urban population enjoying proper sewerage facilities, a long step forward in correcting this situation was made in the recent budget when funds were made available toward helping finance sewerage installations and proper disposal systems.

I submit that it is of equal or even greater importance that the federal government, in co-operation with our provincial and municipal governments, impound our flood waters, control our streams and provide reservoirs for sewage, industrial development and recreation. Owing to Manitoba's topography in relation to other parts of the continent, water flows into that province from Ontario on the east; from Montana, South Dakota, North Dakota and Minnesota on the south; and from Saskatchewan and Alberta on the west. All this water is on its way to Hudson's bay and the Atlantic ocean.

Since almost all Manitoba's flood control and water conservation projects involve either interprovincial or international waters, participation in these projects involves all levels of government. The federal government has participated with the provinces in a hydrometric service measuring and recording stream flows and lake levels. This is done in order accurately to determine actual water resources and so that watershed development programs and works can be properly planned and designed.

The federal government has also assisted rural development and rehabilitation through the Prairie Farm Rehabilitation Act, in constructing small agricultural dams and dugouts and in the development of community pastures. I would hope that under this new rural development scheme this phase of development will be continued and expanded to include dams for industrial and recreational purposes for our smaller rural centres.

The rural areas are now requiring water in increasing volume for town supply, for diversification and production through irrigation of crops that would decrease the acreage sown to cereal grains, for food processing, industrial plants and many other purposes. Without it, diversification of industry will remain only a dream to be realized some day in the distant future. Without adequate water supplies and proper control of this important resource, rural development and conservation will be a slow process indeed.

A recent economic analysis made for the Manitoba government, covering south central Manitoba, sets out in detail the agricultural and industrial potential of that region, as well as recommendations for its development. The 104 page report is entitled "Economic Survey, South Central Manitoba" and is, I believe the first comprehensive survey of its kind made in Canada.

Since it is relevant to the subject under discussion, I should like to quote briefly from the document as it relates to the industrial development, agricultural potential and water conservation for the area. The report states:

> Analysis of the productive capacity of south central Manitoba indicates considerable increase in industrial development is possible. Compiled data indicates that the products of increased economic activity are marketable. There is every indication that the people of the region desire such development. It is therefore recommended that the several communities within the region, working individually and in co-operation with one another and with the provincial and federal governments, embark upon a co-ordinated development program.
>
> Such a program will have as its goals the increase of primary agricultural production, the increase of manufacturing and processing, and the orderly economic and physical assimilation of increased population and physical facilities. This, in turn, will require improved patterns of land use, improved and developed conservation and use of the water resources of the area, improved social and administrative organization, and improved urban land use planning.

Feasibility studies of irrigation in Manitoba are now under way. In some areas, especially along the banks of the Red and Assiniboine rivers, some irrigation has been practised successfully. Experiments at the Morden experimental farm have similarly demonstrated satisfactory results from irrigation. Producers of canning crops in the south central region have suffered some drought losses and canners have been somewhat disturbed by quality fluctuations caused by temporary rainfall shortages. As a result considerable interest has been stimulated in the possibility of supplemental irrigation for certain areas of Manitoba, most of which lie within the south central region.

The Pembina triangle-Red river district presently suffers from a shortage of water for domestic, municipal, industrial and agricultural use. Even as late as last week a disastrous fire in the town of Winkler, one of the growing industrial towns of the area, swept through a good part of the main business section. Though three or four fire engines from neighbouring areas came to help the Winkler fire service, they ran out of water—they were pumping from the artesian wells—and the result was that instead of the fire being confined to one or two buildings the whole of one side of Main street was practically burned down.

Marginal Lands

The report to which I have referred goes on to state:

> It is anticipated that between 6,000 and 10,000 acre feet per year of water in excess of present use will be required by 1981 for domestic, municipal and industrial water supplies. During the same period, a demand for water for irrigation may be created. The engineering feasibility of conservation of the waters of the Pembina river has been established, and water from this source would be adequate to meet the anticipated demands. If these demands are not met, the economic development of the Pembina triangle area will be impeded. Control and conservation of the waters of the Boyne river are essential to the development of the town of Carman in the surrounding community.

Should large demands develop at Carman for water to be used either for industrial or agricultural purposes, a proposal has been made to divert water from the Assiniboine river into the headwaters of the Boyne. Further on, the survey states:

> The possibility exists of the development of a major tourist resort in the Sprucewoods forest area north of Holland, Manitoba, if the proposed dam on the Assiniboine river is constructed.

In summary, the survey indicates that if the proposed development of water resources is carried out the area can expect a population increase of 50 per cent in 20 years and the establishment of at least 40 new industries.

I would respectfully submit to the minister and the government that the P.F.R.A. administration or an agency established under the present measure be given an active role in assisting provincial and local governments in making available to our rural areas adequate supplies of water together with a proper system of flood control. Many of these projects would be financially self-liquidating and though beyond the immediate resources of the communities directly concerned would become a tangible national asset. The intangibles would be in human betterment.

The success of any rural development program depends more than anything else on what we do with our two greatest resources, soil and water. Our hopes for the success of such a program is the recognition by the leaders in our rural areas of its importance. They are looking to all levels of government for co-operation, assistance and guidance in its fullest development. This measure recognizes the importance of conservation to our national well-being and gives us an opportunity to face up to the very urgent problem of rural rehabilitation. It should provide us with the incentive to nurture our natural resources not only for our own advantage but for the benefit of future generations.

In the interests of our national well-being, I hope that with the passage of the bill based on this resolution these objectives can be realized.

[Mr. Muir (Lisgar).]

Mr. Argue: We listened to the minister when the resolution was first debated on January 25. We listened to him today, and as far as I can tell he has yet to divulge the main features of the bill which will follow the passage of this resolution.

There is a need—and no one has disputed it—for a redevelopment program for agriculture in Canada. The minister has emphasized—correctly, I think—that there are large parts of the agriculture industry which live at a subsistence level. I submit that this particular legislation will do very little as far as they are concerned. It is a long term measure. It may result in the long run in an improvement of the incomes of people in the lower brackets but I suggest the main reason why this may be accomplished is that the government will succeed in what is the unstated purpose of this resolution, namely moving a large proportion of these people off the farms. They are being squeezed off in the ordinary course of events. Probably this measure will accelerate the movement of farmers from the farms because it is designed to bring about more economic units and that in turn will mean a smaller farm population.

Before the resolution passes I should like to ask the minister whether he will give us some idea as to what proportion of the moneys involved will be paid by the federal government. I think that is a fair question. I think it should be answered. I think the committee has a right to know before this motion passes at least the general range of contributions which the federal government is prepared to make.

Under the Prairie Farm Rehabilitation Act which was passed some 25 years ago for precisely this purpose, as far as the tremendous development of community pastures is concerned, almost the total cost has been paid by the federal government. We wonder whether the present measure will mean the removal by the government of this kind of proportionate payment. I express the hope and I make the request that the government will do much better under this scheme than it did under crop insurance, because unless the federal government is prepared to pay more than 20 per cent this will be in a large degree a window-dressing measure designed from the beginning to have very rough going. I hope this is not another instance of the federal government trying to slough off a substantial part of its responsibility on to the provincial and municipal governments.

I think it is an affront to parliament for the minister not to give us this kind of information. He wants us to pass this motion, so he tells us, and then he wants to go carpet-bagging across the country talking to the ministers of agriculture and working out

some kind of formula or scheme. Then, presumably, he is going to put this into a bill and ask parliament to approve it. I think the minister owes it to the committee to tell us at least in general terms what he hopes to put before the provincial governments.

I think this matter has not been handled in the best possible way. I think the government's method of handling the crop insurance scheme was the worst possible way, because, before they had discussed it with the provinces at all, they brought in a measure and said to the provinces, "If you want to cooperate you can do so". It is not a measure which has done very much to aid in the field of general crop failure protection. The fact of the matter is that a very small proportion of farmers qualify to come under that scheme. One of the main reasons for that is that the federal government is bearing such a tiny proportion of the cost of the scheme, namely 50 per cent of the administrative cost and 20 per cent of the premium, but not even 20 per cent of the losses or 20 per cent of the liabilities. So I ask the minister if he will tell us whether the government is going to do better under this program than they have done in connection with crop insurance.

Another thing I should like to hear from the minister is this, and I am sure he will be able to answer this question. I want to know whether this measure will in any way supplant the Prairie Farm Rehabilitation Act. I wish to know whether the community pastures will be maintained in future as they are now. I also wish to know whether the stock watering schemes and the building of dugouts and stock watering dams will be continued under that act. I ask those questions for what I think is a good reason. Under the legislation to which I have referred the federal government has assumed the major responsibility. The provincial governments initially provided the land by one means or another. In some cases the municipalities provided the land or the farmers provided it by exchanging land for certain other land.

The federal government set up the pasture scheme, put in the fences and seeded some of the land to grass. The whole scheme is now operating under the federal government. It is operated very much like a crown corporation. The scheme may not be entirely self-liquidating and may not recover all its costs but certainly the major part of the expenses are covered by revenue.

I have in my hand the report of the prairie farm rehabilitation branch of the Department of Agriculture for 1958-59. On page 80 it sets out that in 1958-59 there was an area of 1.8 million acres in pasture. The total construction cost had been $5.5 million. There were carried some 117,332 units of livestock. One unit of livestock is defined as one head of cattle, one horse or five sheep. It is stated that the average charge to farmers per unit of livestock was $4.64. This is a good scheme and the farmers have supported it. I hope it will be maintained intact and will not be interfered with by the program under discussion.

I do not wish to be unfair but we must keep in mind that the government has attacked some other crown operations. The Canadian wheat board has been attacked by the feed mill policy of the government. Trans-Canada Air Lines has been attacked by the government allowing Canadian Pacific Air Lines to move in on some of their flights. There is a report that the government is considering ways and means of making it more difficult for Eldorado to operate. Rumours persist—and they are not denied in this chamber—that the government has not yet defined its policy so far as the successful operation of Polymer Corporation is concerned.

I am expressing the hope that nothing will be done by the minister to interfere with the good work of the Prairie Farm Rehabilitation Act. I ask him again to give the committee some information on the points I have raised.

I also wish to have the following information before the resolution is passed. I want to know the minister's estimate of the cost of this measure within the coming fiscal year and I should like him to give a forecast of the cost for the years ahead if he can make that projection.

It has been reported in the press and elsewhere that the minister is much disappointed about the amount of money he expects to get for this measure, that he is not going to get large sums of money, that not much money will be put into the scheme. The minister at this time should be able to give us some idea of the amount of money that will be forthcoming by projection in the next year or so under this measure.

When we pass a resolution preceding a money bill we do so under a practice that has grown up because it has been felt necessary for the government, before asking for such a vote, to give the committee some indication of the amount of money involved. This is a money resolution. The minister has said little or nothing about the question of cost. Before the resolution is carried I hope he will give the committee some information on the points I have raised.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, as a quick answer to the points raised by the hon. member for Assiniboia let me say this. In answer to the first question about the amount of money that will be put into these proposals by the federal government, let me first point out that there is a great variety of

agreements envisaged between the federal government and each of the provincial governments.

As I have made clear in the past, both governments I know will be happy under some of these agreements to co-operate in putting into effect many of these schemes which are entirely self-liquidating. An example of that would be community pastures where the operating expenses are met by the farmers themselves. The farmers like to carry their own load if they are able to do so.

Under another type of scheme for rural development we can refer to the experience in the United States. Neither level of government put in any money or made any contribution beyond that of professional advice and research efforts that went into helping a local development group implement ideas for their self-help programs.

With respect to the alternative land use part of the program where heavy costs are envisaged, this will depend almost entirely on the rapidity with which the provinces wish to push this program. Other factors to be considered are the necessary research that will have to be undertaken and the question of assessing the market possibilities for various alternative uses for the land. All these questions will decide the cost-sharing arrangement between the two governments.

As for the physical projects referred to in the third part of the resolution, I think the usual expectation here is that it will be on a 50-50 basis. Let me read to the committee the recommendation of the minister of agriculture of the province of Saskatchewan, Hon. I. C. Nollet, who gave evidence before the special committee of the Senate on land use in Canada on May 6 and 7, 1959. This may be found at page 218 of the report of that committee. In giving evidence, Mr. Nollet said:

> It is suggested that as a basic principle of soil and water conservation programs, the general approach should be on a shared cost or earned assistance basis for the whole cost of a completed project including maintenance in succeeding years.
>
> In our opinion, the federal-provincial agreements now in effect for the construction of the trans-Canada highway provide a form of inter-governmental agreement which could be the general basis for agreements contemplated under the legislation and policy we recommend.
>
> It is also respectfully suggested that a proper role for the senior government would involve mainly:
>
> 1. Provision of financial assistance in connection with agreed upon projects, on an approved basis.
>
> 2. Making top level technical and professional advisors and consultants available, as requested by the province.

This, in essence, is the type of financial agreement I think we may expect, as put forward by the minister of agriculture of the province of Saskatchewan.

[Mr. Hamilton (Qu'Appelle).]

The second point raised concerned community pastures, dugouts, et cetera. I do not think there is any question about this. In the alternative land use portion, this program has as its purpose not only the carrying out of the present program under P.F.R.A. but also the carrying out of a program which will accomplish as much in the next two or three years as was accomplished in the last 25 years under P.F.R.A.

In other words, in the last 25 years, under P.F.R.A. 1.8 million acres have been put to community pasture in Manitoba and Saskatchewan. We are thinking of proposing to the western provinces at least an additional 1 million acres in the next two or three years. If we can get more and there is use for it I would certainly go after it because, as the hon. member for Assiniboia and other hon. members know, there is tremendous overcrowding on the pastures that now exist.

The farmers want this type of diversified use of their land. It enables them to diversify their wheat economy, by being enabled to pasture their cattle on community pastures. As the hon. member said, the cost to the two governments is divided in this way. The provincial government buys the land. We pay the capital cost of preparing it for pastures, providing the bulls and so on. The costs of the operations of the pastures are borne by the farmers. The farmers find this a very acceptable arrangement. They hope that it will not only be continued but will be tremendously stepped up in pace.

I might point out that so far as dugouts are concerned, last year some 4,000 dugouts were built. This year we expect the construction will be about the same, probably 4,000. This is a tremendous program.

The final question was, what was the projected cost of the whole program? I do not think a living person, either in Ottawa or in any other place in Canada, can give an accurate estimate. I have used figures of $300 million to $600 million for the next 10 years to 20 years. I have no way of knowing whether these figures are accurate because I have no way of knowing on the physical side, and on the alternative land use side, the number of projects that will be brought under this plan.

This brings me to the final statement, and this has to do with philosophy. It was suggested by the hon. member for Timiskaming that we should just go ahead as a government and ram these things down the throats of the various provinces and municipalities as we were supposed to have done under the Prairie Farm Rehabilitation Act. This goes against the grain entirely of myself personally and I think of most people in Canada. The idea

here is that property and civil rights belong to the provinces. The provinces have the responsibility for their farmers in those areas. All we are doing is going to the provinces and suggesting that we enter into a co-operative program. They know the needs of their people as well as anyone. If we can share this program in any form and work out an arrangement that will be satisfactory to both of us, we will do it. I think the idea that is spreading across Canada of a centralized force under the Minister of Agriculture to impose things on people that are good for them, whether they want them or not is a philosophy that is foreign to myself and to most people in Canada.

Mr. Peters: Mr. Chairman, in reply to the last statement of the minister I would suggest that what I said was not to ram these things down the throats of the people. Now may be the time to talk about what happens to agriculture in Ontario, for instance. The farmers in Ontario have needs similar to those of the prairie farmers in so far as community pastures are concerned. We get no benefit whatsoever from that type of legislation. Frankly, we would not suggest that this type of thing be curtailed in the west, but that it be extended into Ontario.

What I contemplated, Mr. Chairman, and what I would ask the minister to consider, is the government buying up certain lands in Ontario which are now very cheap. There are farms in my part of the country consisting of 10,000 acres which could be bought in a block. The cost of that land would be probably less than one tenth of the initial cost of clearing it. The government would own the land and have control of it and would supervise the putting of it back into production for the benefit not only of itself but of the country in general.

Community pastures made up of this type of land seem to have worked very well; they worked so well that the minister now indicates that he is willing to double them. What I am suggesting is that this land was put into community pasture because it was of no value to anybody else and nobody was able to make a living on it. There is a great deal of land in Ontario at the present time that is not being lived on; no one wishes to do anything with it. Crops have not been grown on it. Even those areas that have not been deserted very long are in this position. Even the hay is not being cut and no pasturing is being done on it. This is the type of program that the federal government could go into.

If we are going to ask the farmers of Canada in general to support something that the minister as a federal member will recommend but will depend on the provincial governments to decide whether it is going to be put into effect or not, it may well be that the government of Ontario would not be interested in the scheme. It may well be that the province of New Brunswick, which already has this type of development, would be willing to put a concrete area under control and into this type of agricultural reforestation and that the people of New Brunswick may get a very large benefit from it, and yet the people of Ontario, who would like to see something done about the reclamation of land which is not being used for agricultural purposes, would get no benefit at all simply because the provincial government will not go ahead with it.

Certainly we want to protect the property rights of the people. I am not sugesting that the land be expropriated. The land of which I am speaking has a very low sale value at the present time and expropriation, as conducted by the government now, would take this fact into consideration. Large tracts of land could be bought up for national utilization, and this would entail no hardship to anybody. This land would be put into production on a national basis, and full consideration would be given to all provinces. Other provinces would get benefits that the Prairie Farm Assistance Act gives to the western farmers. Those benefits would be much more evenly distributed if the federal government were willing to participate in the scheme.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Argue: Mr. Chairman, I should like to thank the minister for the information he gave the committee just before six o'clock. While it was not particularly specific, he did give us some idea of his own thinking. We learned from him that it is his intention—at least, I took this from his statement—that the cost of alternative land use will be divided between the federal and provincial governments on roughly the same basis as the cost of the trans-Canada highway. This would mean, I take it, that it would be on a roughly 50-50 basis.

I am not completely clear as to what is going to happen to the Prairie Farm Rehabilitation Act, the organization under that act and the work that has been carried on under that act. The minister seemed to infer, at least in one place in his statement, that this

new legislation would supersede the Prairie Farm Rehabilitation Act and that future projects which would have come under the Prairie Farm Rehabilitation Act would come under this new legislation. I feel the committee would like some clarification of this point.

The minister also said—I took down his words and I may not be completely accurate, but he will correct me if I am wrong—that the provincial and federal governments would be happy to put up the money for such self-liquidating projects as community pastures. I wonder whether the minister would be more specific. My understanding of the way in which community pastures were operated under the Prairie Farm Rehabilitation Act was that the provincial governments put up the land rather than money. I do not know whether or not the minister's words mean that there will be some alteration in his approach to community pastures. I would hope that they do not. I should like to make a plea that the work carried on under the Prairie Farm Rehabilitation Act be maintained on the same basis as that on which it has been in the past. I do not believe this government need "junk" the Prairie Farm Rehabilitation Act; I do not think they need to terminate the act.

The Prairie Farm Rehabilitation Act was a good one. We have suggested improvements. We have suggested that the coverage of the act be extended to all parts of Canada but it was, nonetheless, a good act. The attitude of this government seems to be this. If the former administration had a good act, this government comes along with another act that supersedes the old one and the government representatives go across the country saying that this is a brand new act and a brand new policy. This government then does not have to give any credit to the former administration. This is what happened in so far as the agricultural prices stabilization act was concerned. In that case the producers got a pig in a poke. The act was represented as meaning a great deal to agriculture producers, but in my judgment the way it has worked out has been to give the producers lower support prices than they had under the former act. However, Mr. Chairman, we will not get into that argument.

Many people believe the Prairie Farm Rehabilitation Act should be maintained. If it is going to be amalgamated with this new legislation—and I protest that being done—I suggest that the government should maintain all of the beneficial provisions of the Prairie Farm Rehabilitation Act and should not use the new, broader act as a means of taking away some of the advantages the Prairie Farm Rehabilitation Act contained. I think the minister owes it to the committee to clarify, if he will, the position of the Prairie Farm Rehabilitation Act after the legislation forecast by this resolution becomes operative.

Mr. Hamilton (Qu'Appelle): Perhaps the hon. member would allow me to answer these questions right away. First of all, in connection with the finances I may say that the recommendations I read from Mr. Nollet's testimony dealt with the conservation aspects and not the alternative land use aspect. Financial arrangements will have to be worked out with the provinces in connection with the alternative land use. I have no idea what the percentage will be because I suspect a tremendous variety of proposals will be considered.

In so far as the Prairie Farm Rehabilitation Act is concerned, the intention is to keep the Prairie Farm Rehabilitation Act in force for use in the western provinces but to extend the operational borders of that act to include all agriculture land in the west and the Peace river area. The idea behind keeping the Prairie Farm Rehabilitation Act is, first of all, that the machinery is there and it is working. In the meantime, as the other provinces come in with various agreements that deal with the physical part of the program, machinery will be created in those provinces that will correspond, in essence, to the P.F.R.A. machinery. When this machinery is set up in all the provinces, I hope then to meld it with the P.F.R.A. machinery. In the interregnum, before all this machinery is set up, the P.F.R.A. will continue to operate in the western provinces.

In so far as the suggestion that this government does not think well of the P.F.R.A. is concerned, I would say that we do think well of it because we brought that act into force.

The last question concerned community pastures.

Mr. Argue: How long did you operate that act?

Mr. Hamilton (Qu'Appelle): We started in 1934, and it was operational in 1935.

Mr. Argue: But the government ceased to be operational.

Mr. Hamilton (Qu'Appelle): Unfortunately that was the case and for 22 years this country suffered without us.

The third point concerned community pastures. There will be no change in that respect except for an increase in the pace of our activities. The provincial ministers indicate they are quite willing to go along with a rapid extension of community pastures.

Mr. Argue: I have just one question in connection with the extension of community pastures. Will the extension of community

pastures on the prairies be undertaken in the immediate future under the Prairie Farm Rehabilitation Act or under this legislation? Again, I thank the minister for having made the intention of the government clearer than it has been at any time since this discussion commenced.

Before we conclude the discussion on the resolution I want to warn the minister and the government against taking away any of the benefits that now exist under the Prairie Farm Rehabilitation Act.

(Translation):

Mr. Racine: Mr. Chairman, we listened very closely to the Minister of Agriculture (Mr. Hamilton) this afternoon. In reply to a question of mine, he said he hoped the bill ensuing from this resolution would be brought before the house around May 1, if there was no filibuster on the part of the opposition. He actually used the term "filibuster".

This afternoon, we, members of the opposition, refrained from speaking because we endorse the object of the resolution under discussion. However, I cannot say so much for government members and I must point out particularly that the delay in passing this resolution is entirely due to the government members themselves.

As I was saying, we endorse the object of this resolution which deals, for instance, with the alternative uses of lands of low productivity. Among other aims mentioned are the development of income and employment opportunities in rural agricultural areas and the development and conservation of the soil and water resources in Canada.

I was particularly interested in hearing the minister state this afternoon that in my own province, 47 per cent of the farms will be able to take advantage of this legislation.

We have been hearing about this legislation before, and if we refer, for instance, to page 3869 of *Hansard* for May 13, 1960, we note that the predecessor of the present Minister of Agriculture said this:

(Text):

> I do not think we can over-emphasize the importance of the introduction of a rural redevelopment scheme in Canada. We have been working on this now for the last year and a half to two years and we hope to be in a position some time before the end of this year to be able to make some definite proposals as far as instituting a rural development scheme in Canada which would be adapted to Canadian conditions.

(Translation):

Those words were spoken by the predecessor of the Minister of Agriculture on May 13, 1960.

I should not want to blame the minister too much for having delayed the introduction of his resolution until today. He told us himself this afternoon that he had hoped to introduce the resolution before the Christmas recess.

I assume that unforeseen circumstances forced him to delay the introduction of the measure. Nevertheless, I think we cannot help but be somewhat surprised, especially when we read the editorials in some newspapers. And here I am going to imitate him, for he read editorials this afternoon to back up his resolution. Being the second member from Quebec to speak on this resolution—it will be remembered that the publication *Terre de Chez Nous* blamed Quebec members because too few had taken part in this discussion—I will read to the Minister of Agriculture some of the points raised in an article published in *Terre de Chez Nous* on March 8, 1961. The article is entitled:

> The new rural rehabilitation policy.

And the headlines read:

> To be enacted during this session or just before the election?

And there was a question mark. There are more question marks right through the article.

Well, Mr. Chairman, we on this side of the house had the same reaction this afternoon when several government members noticing our co-operation began to filibuster, to use the very word of the minister.

But I am not going to follow the example set by the minister. I will only quote a few excerpts of this article which says among other things:

> Since he became federal Minister of Agriculture a few months ago, the Hon. Alvin Hamilton has taken every opportunity to set out the new policy on the utilization of renewable resources and improvement of the rural areas, which is intended to be the main undertaking of his department and even of the government of which he is a member. Everybody welcomed that stand.

And, incidentally, so do we—

> And the legislation that was to materialize this was eagerly awaited.

And further on, I find this:

> We realize that it takes time to get such a far-reaching program going, but since the situation calls for emergency measures, we had anticipated some initial move in the very near future.

We appreciated the statement made by the Minister of Agriculture. While we congratulate him for wanting to consult provincial authorities and the different agricultural organizations, we regret however, like the

minister himself, that this legislation was not introduced before the Christmas recess.

And again following the example set by the minister, I will quote another part of the same article:

> It is in fact our impression that the introduction and the passing of this legislation enacting Mr. Hamilton's good intentions will be postponed until the next session.

The minister told us that he intends to introduce the bill based on this resolution about May 1. But we doubt—and I am convinced that we are right—that, in spite of his goodwill and his known co-operation, he will be able to introduce this bill by May 1. Therefore it is most unlikely that the farmers will be able to take advantage of this bill in 1961.

The article goes on:

> Otherwise, the bill will be introduced only on the eve of an election . . . and that may dangerously delay the beginning of application.

I do not know who wrote that article, but apparently the results of that legislation would be forthcoming only on the eve of an election. Since I am not the Prime Minister's spokesman, it is rather difficult for me to foresee when this legislation will be of any help to the farmers, as I do not know when a general election may be called. And let me add this statement also found in the article in question:

> It must be noted however that only one representative from the province of Quebec has taken part in the discussion so far, and he was a member of the opposition.

Mr. Chairman, at this stage I should like to congratulate my colleague the hon. member for Drummond-Arthabaska (Mr. Boulanger) who has displayed remarkable intelligence in this debate. If he ever needs a salesman, I suggest that he hire the Minister of Agriculture who, when the occasion arises, proves to be the best salesman of government policies.

I now wish to quote the last part of the article:

> Why are some of our representatives in Ottawa, who are so anxious to run down their compatriots and to scorn them as intellectuals, or to attack those of our people who work for agencies such as the C.B.C., so remiss when the future of tens of thousands of our farmers and their families is concerned?

Mr. Chairman, it seems that this debate will be on for some time yet, because, as I understand, members of the government want it that way. I hope several members from Quebec will contribute and lend a helping hand to a just cause, that is, the cause of farmers. As far as I am concerned, I hope that the discussion will be concluded as soon as possible, in order that the minister may, as he suggested, meet with provincial authorities and farmers' organizations. I wish to say to the credit of the Minister of Agriculture, that this time he has introduced a resolution that will be welcomed by a great many farmers, even though it is a long-term measure. It is not a matter of criticizing the length of the term, but to see whether the legislation will bring the results expected by the farmers.

(Text):

Mr. Jorgenson: The hon. member read quite extensively from an article. I wonder whether he would give us the name of it.

Mr. Racine: Yes, Mr. Chairman. I was referring to *Terre de Chez Nous,* of March 8, 1961.

(Translation):

Mr. Pigeon: Mr. Chairman, would the hon. member for Beauce (Mr. Racine) permit a question? When reading the newspaper report, the hon. member mentioned that hon. members did not take an active enough part in the discussion, and he also asked that the resolution be passed as soon as possible. Would he not think that his remarks have delayed the passing of the resolution?

Mr. Racine: The hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) has, to my mind, a quality which I shall recognize, that of opening doors.

I do not believe that by speaking five minutes this evening, I have in any way delayed the resolution. However, having been in the house all afternoon, I realize that the official opposition was ready to pass the resolution, whereas I noticed, as did several of my colleagues, that hon. members on the government benches were drifting away from the matter at hand, and I think I was right in taking five minutes this evening to put things in their proper perspective.

Mr. Ricard: It should be kept in mind that we have four times as many members as you have.

(Text):

Mr. Peters: A great deal has been said about the Prairie Farm Rehabilitation Act and its relationship to the present resolution. I am pleased to note from the remarks of the minister that there is to be a continuation of prairie farm rehabilitation, and also that there is a similarity and even the idea of assimilating the two measures to keep them in relationship one with the other.

I am pleased to hear that. It will mean that this assistance which has been given to western farmers in relationship to community pastures will, with the joining of the two programs, be given to farmers in northern Ontario and they will receive some advantage from this legislation.

I should like to ask the minister what is his hope in relationship to the program as it affects the provinces? What is the contemplated contract or agreement with the provinces? Who is going to own the land that is put into reforestation? Is it going to be owned by the municipalities or the provincial governments, as it is owned under the community pasture scheme? Is it going to be leased to the federal government under a similar program?

Is the farmer going to have his own wood lot on the basis of this land being added to his present farm in the form of additional acreage? The minister has said outside the house that it is quite possible there will be an assembly scheme. This was my understanding prior to today. I understood there would be an assembly scheme under which the federal government would assemble a large block of non-productive, agricultural land. This land would be put in charge of the farmer either as an employee of the government or as a person hired for the purpose.

I understood this land would be operated as a unit, the farmer receiving wages or some other compensation until the time the wood lot was self-sustaining. Is that the intention of the minister, or is it the intention to work toward negotiating agreements with the provinces which will mean giving the provinces a sum of money, as has been done in connection with other forms of assistance to the provinces such as the winter works program?

I point out to the minister that I do not think this procedure will be at all satisfactory. Under the winter works program we have asked for winter works to be developed to the amount of $197 million up to December 20. At the same time the contribution by the federal government will amount to only $24 million. I should like to know what the minister contemplates in this regard, because I am not at all in agreement with the idea that the federal government should go to the provinces and ask them what they want to do about it.

I am of the opinion that the federal government should take something upon themselves, under their own initiative, and should make recommendations regarding what they want done. I think the federal government should act as they did in the case of hospital insurance. In that case the government told the provinces they were willing to go so far if the provinces were willing to meet certain conditions.

I would be very reluctant to accept the type of plan which would allow only those provinces which took the initiative to benefit from this rehabilitation of agricultural land and undertook to do it themselves with federal money and federal support. I am quite sure that provinces such as Ontario, which have been very reluctant to enlarge their conservation programs in other respects, would look at the large timber limits they have already allotted to pulp and paper companies, and at the large timber limits which some of the other companies hold, and would come to the conclusion that if this plan is to be used as a supplement to the forestry industry itself it is not needed in that province. This would defeat the purpose which I think we are trying to accomplish.

It is my opinion that this purpose has been partially accomplished by measures such as the Prairie Farm Rehabilitation Act. I am sure that if the eastern farm representatives talked about the Prairie Farm Rehabilitation Act there would be a hue and cry from the provinces of Quebec and Ontario, to say nothing of the maritimes, for a similar type of legislation. If we develop this measure in this manner it may produce a favourable result in the prairies, where the provincial governments are used to co-operating in this type of scheme. However, we have not that history in Ontario and I am afraid that unless the minister outlines exactly what he hopes to accomplish by this measure and gives some information of the stereotype agreement the government is willing to negotiate, this will leave it pretty well to the provinces to decide. In my opinion this would be shirking the duty of the federal government, and I think that more leadership and direction must be given.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I should like to answer the hon. member briefly. I think some of the hon. member's questions would more properly be asked in committee.

The hon. member asked who is going to own this land. This is one thing you cannot tell until the final agreement is reached. I think there will be four or five different types of ownership. In some cases they will want to revert some of these lands back to crown lands; that is provincial ownership. In other cases there will be county ownership. My own philosophy in this matter is that there should be the maximum private ownership by the individual farmer to increase his income opportunities, rather than ownership by the county or province.

Mr. Peters: Am I not correct in presuming that the previous intention of the minister was, to some extent, that certain areas would be assembled? If I remember correctly, on one occasion the minister referred to farms in the Ottawa valley which are not too far from Ottawa and which are not producing anything at all at the moment, where 500 acres, 600 acres or 1,000 acres could be assembled into one unit and a government supervisor could probably operate the land on a salary basis. The federal government would have some control over this area, in somewhat the same respect as the experimental farm itself.

Mr. Hamilton (Qu'Appelle): No, Mr. Chairman; on that example of the Ottawa valley, or I should say the whole ten eastern counties where there are these vacant farms and there are privately owned units of 200 acres, 400 acres, 600 acres or 1,000 acres, my hope is that as far as possible these will be given to a farmer who needs an income opportunity. He will be able to augment his income by looking after these forest areas.

Resolution reported and concurred in.

Mr. Hamilton (Qu'Appelle) thereupon moved for leave to introduce Bill No. C-77, to provide for the rehabilitation of agricultural lands and the development of rural areas in Canada.

Motion agreed to and bill read the first time.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Administration branch—

1. Departmental administration, including advisory committee on agricultural services, $911,098.

(Translation):

Mr. Clermont: Mr. Chairman, I represent a substantially rural constituency, and agricultural production makes up a large portion of our economy. I therefore wish to take the opportunity provided by consideration of the estimates of the Department of Agriculture to comment briefly on the problems facing the farmers in the constituency of Labelle, and in view of the fact that agricultural production is quite diversified in my area, I would say that the same problems exist throughout the province of Quebec.

Mr. Chairman, I find the following statement in the 1959-1960 report of the "Union catholique des cultivateurs du Québec":

The 1960 crop year will be remembered rather bitterly by many farmers. The downward trend of agricultural prices took a turn for the worse. Developments in the support price policies with regard to pork and eggs discouraged many producers. The prices of milk products also showed a decline over last year's figure. The constant rise in costs, coupled with a gradual decline in sales prices put the squeeze on the average farmer, through a constant reduction in his net profits per product unit and in his hourly income.

Mr. Chairman, in view of this, I am surprised at the government's lack of concern for agricultural problems. In that connection, I should like to quote the only part of the speech from the throne where reference is made to this serious and important problem.

As an additional step in the national agricultural program, you will also be asked to approve enabling legislation to authorize the federal government to join with provincial authorities and local groups throughout Canada in comprehensive programs of rural rehabilitation and development. My ministers believe that as farming is a basic Canadian industry it must be made more stable and remunerative. Widening the uses of Canada's farm lands and water resources will be necessary for this purpose.

May I now quote from a speech made by the Prime Minister (Mr. Diefenbaker) at Massey hall, Toronto, on April 27, 1957:

We shall see that the farmer gets a fair share of the national income by maintaining a flexible program—

And I stress the word "flexible".

—of price supports, in order to provide him with adequate parity of agricultural prices, based on a fair ratio as between sales prices and costs.

I should now like to quote the preamble of the Agricultural Stabilization Act, passed by parliament in January 1958:

Whereas it is expedient to enact a measure for the purpose of stabilizing the prices of agricultural commodities in order to assist the industry of agriculture to realize fair returns for its labour and investment, and to maintain a fair relationship between prices received by farmers and the costs of the goods and services that they buy, thus to provide farmers with a fair share of the national income.

There is no doubt, Mr. Chairman, that the farmers have not forgotten the words of the Prime Minister or the preamble of the Agricultural Stabilization Act.

However, referring to the latest figures published recently by the dominion bureau of statistics and particularly to the table entitled "Net farmer income from farming operations for each province", I find that in 1960, the net cash income of Canadian farmers was $2,783,753,000 as compared to $2,789,348,000 in 1959. In 1958, the figure was $2,794,615,000. Operating and depreciation costs in 1960 showed an increase of $13 million over 1959. Those costs showed an increase of $110 million in 1960 over the 1958 figures.

The total net revenue of Quebec farmers in 1960, according to the preliminary report, was $188,756,000 compared to $189,728,000 in 1959 and $203,699,000 in 1958, a decrease of $1 million between 1959 and 1960 and a decline of $14,900,000 as compared to 1958.

As I said at the beginning of my remarks, we have a diversified farm production in Labelle—namely dairying, hog and poultry raising, and the growing of potatoes and other crops.

We have seven farm co-operatives with a very substantial turnover, research centres, farmers' associations and other groups devoted to the farmer's well-being. There is an agricultural college at Mont Laurier.

Much of our farmers' income is derived from dairy products and the farmers are concerned—and rightly so—with the decline in butter consumption from the levels of a few years ago.

Here is a table, Mr. Chairman, showing a stronger decline in butter consumption since 1958:

	Per capita consumption
1954	19.19
1955	19.21
1956	19.50
1957	19.38
1958	18.32
1959	17.37

It will probably be less than 17 pounds in 1960.

In a speech he made in Toronto on December 1, 1960, Mr. Pierre Cote, chairman of the national council of milk producers, said that butter supplies on that date, including butter oil, reached 150 million pounds, most of them owned by the government and that at the present rate of consumption, that figure exceeds by some 80 million pounds this country's needs.

He added:

> In 1960, our consumption will be 36 million pounds less than in 1957. In other words, even if our population has increased by one and a half million since 1957, monthly consumption is down by 3 million pounds compared to that year, while our consumption of butter substitutes in 1960 will exceed that of 1957 by more than 38 million pounds which is a presumed increase of 9½ pounds per capita, in so far as butter substitutes in 1960 are concerned.

Considering that butter consumption in Canada had at one time reached 32 pounds per capita and that, in 1948, it was still 26.55 pounds, while it has now gone down to about 16 pounds per capita, while consumption of butter substitutes has increased to the point of reaching 9½ pounds per capita, we readily realize the difficult situation in which the dairy industry was in 1960.

It would seem, Mr. Chairman, that the price of butter is too high for the consumer as compared to that of its substitutes. I am not suggesting any reduction in the price that the producer is now getting for butter fat. On the contrary, I support the request made by the Canadian Federation of Agriculture, in which it asked the government, in section 24 of its brief, to maintain the support price at 64 cents at production level. I do hope, Mr. Chairman, that it will be possible for the Minister of Agriculture (Mr. Hamilton) to seriously consider the recommendation of the Quebec C.C.U. and of the C.F.A., that is (a) the granting of a subsidy to the consumer so as to bring butter consumption to a proper level; (b) the assurance that such a subsidy would fully benefit the consumer.

I should like to join the farm associations in asking the government to set the support price on Quebec cheese at the same level as in Ontario. Quebec cheese producers are now getting half a cent less per pound than in Ontario.

Mr. Chairman, when the support price on eggs was introduced in 1959, it had a twofold purpose: (a) to stop integration; (b) to allow small producers to remain in business. Under the support price program little more than half of the egg producers have received deficiency payments and they were of so little help to those who got them that the payments did not cause production to increase or decrease.

Various associations have recommended to the government that the support price on eggs be calculated on a regional rather than on a national basis, in order to be fair to producers all over the country. Those associations have also recommended that deficiency payments be paid on grades "A medium" and "A small" eggs; that the quota of each producer be increased accordingly, in order to avoid the substantial losses that farmers are liable to incur as a result of the great price spread between grades getting the payments and those that do not.

The C.F.A. has also asked the government that compensation prices on hogs be calculated on a quarterly rather than a yearly basis, and on a regional or provincial basis,

and that the premium for grade A be increased to $4. In closing, Mr. Chairman, let me add that a great many farmers in my constituency have to resort to forest operations to supplement their inadequate income from the sale of farm products.

(Text):

Mr. Forbes: Mr. Chairman, my first words in speaking on the agricultural estimates are to express my appreciation to the former minister of agriculture for the important legislation that he was responsible for implementing during his term as minister of agriculture. I also wish to compliment the present Minister of Agriculture on his appointment to this important post. It was my pleasure a few years ago to attend a conference with the hon. gentleman and at that time I was intrigued by his knowledge and understanding of the problems facing farmers. I am particularly pleased that he now occupies a position which will enable him to implement some of the ideas he gained from that conference.

My remarks at this time will pertain to the agricultural conditions in western Canada with which I am quite familiar and I hope hon. members will not think that I am being sectional in my outlook because we have hon. members from other areas in Canada who are well qualified to speak of the conditions in the regions they represent. While reference has previously been made to measures taken by this government to reduce the disparity between costs of production and prices received by farmers for their products, I think I could enumerate a few of them again without being accused of boastfulness. For instance, there are the increase in compensation to livestock producers for cattle slaughtered in the control of contagious diseases; cash advances on farm-stored grain free of interest; the amendments to the Veterans' Land Act to enable veterans to obtain increased loans; the greatly improved Farm Credit Act; the long-awaited amendments to the Prairie Farm Assistance Act, which have removed many of the inequities in the making of payments and broadened the coverage; the acreage payments to western farmers amounting to over $82 million; and the provision of funds through the Colombo plan on long terms to assist India and Ceylon to purchase wheat and flour.

I feel I should also make reference to the recent sale of wheat to China and the opening of an office in Tokyo, Japan, whose main function it will be to promote the sale of grain; and the announcement by the Prime Minister that jurisdiction over the Canadian wheat board and the board of grain commissioners be transferred from the Department of Trade and Commerce to the Department of Agriculture. I feel certain that this action on the part of the government will prove to be of inestimable value to grain producers in the coming years owing to the fact that the marketing of grain is so closely associated with the Department of Agriculture.

I have referred to only a few of the items of legislation that have been enacted by this government to assist agriculture. I am certain that western farmers are encouraged by the action of the government to implement a comprehensive agricultural policy that will enable farmers to help themselves. However, farmers are still confronted with the cost-price squeeze. This particular kind of squeeze has come about because the farm industry's costs are rising steadily and the prices which farmers receive for their products are still falling; hence the squeeze. As hon. members know, I have not made many speeches in this chamber and I am only prompted to do so now owing to the inequitable position in which agriculture finds itself. It is reasonable to expect that the financial position of farmers in the federal constituency of Dauphin is similar to that of farmers throughout the prairie provinces.

The present position of agriculture is not one that has developed since this government took office; rather it is the result of steadily increasing costs of production and the low prices for agriculture produce received by farmers since world war II. The problem had its beginning during world war II partly as a result of the British wheat agreement entered into by the Liberal government. A paragraph from the Searle *Grain News* of May 7, 1958, explains the situation as follows:

> The unwinding of the wheat marketing problem in the future is going to require not only the patience, courage and understanding of all concerned, whatever their personal views, but also a willingness on the part of the Canadian taxpayer to accept, if necessary, any temporary financial burden that may arise. Such a burden, since the early days of world war II, has been shouldered by the western wheat grower, for the benefit of the Canadian people at large. Before long, perhaps, it may be necessary for the population as a whole to assume some part of it.

Another problem closely associated with agriculture is that of unemployment which is so frequently mentioned in this chamber. It seems to me that when we are looking for markets for the products of our factories to help the employment situation, we are overlooking our most important market here at home. By increasing the purchasing power of our farmers, we would create employment all

along the line from the mines to the railroads to the factories back to the transportation systems and offices, et cetera.

While farmers are usually regarded as producers, they are also the largest purchasers of goods of all kinds of any segment of our society. As further evidence of the recognition of farmers as an important market, I will quote from a submission made to the government on June 25, 1958 by a delegation of unemployed from Ontario and Quebec. They suggested an imaginative trade policy for moving wheat that would include long term credits to enable such countries as India, Asia and Africa to buy Canadian grain. In their brief they went on to say:

> Call it subsidization if you will, but at least it is priming the most necessary pump—our farm economy. Restore purchasing power to the farmers, and you have gone a long way toward restoring it across the nation.

Let me refer to a statement made by the Prime Minister as quoted on page 42 of *Hansard*:

> Those of us from western Canada know something of what the result was when the provinces of Saskatchewan and Alberta were devastated when drought hit us to such an extent that there was no purchasing power among the farmers, that there were no jobs in eastern Canada.

The farmer is sometimes underestimated in his value as a market for industrial products which find their way into his operation. According to the economics division of the Canada Department of Agriculture there are more than one million cars, trucks and tractors on Canadian farms and their annual expenses, excluding depreciation and financing, are more than $400 million. About 11,000 tons of pig iron go annually into the making of agricultural implements, and the implement manufacturing industry gives work to more than 10,000 employees, with a payroll of over $42 million. Farmers use $20 million worth of electric power annually and pay nearly $200 million for hired labour. They buy 900,000 tons of fertilizers valued at nearly $70 million, and they use over 600,000 tons of limestone. The cost of pest control each year amounts to $20 million. Farm operating expenditures and depreciation total $1.9 billion annually.

Moreover, an estimated one eighth of the total revenue from motor transport of commodities and about one fifth of the revenue from all carload freight involve agricultural products. The combined revenues total more than $225 million. Hundreds of millions of dollars are spent annually on the construction, maintenance and furnishing of half a million homes owned by farmers. With 17 per cent of the population living on farms, additional hundreds of millions are spent for clothing, recreation, health and education.

In 1958 there were over 9,000 establishments with more than a quarter of a million employees processing products of Canadian farm origin. The value of products from these establishments amounted to more than $4.5 billion, and the payroll of the employees was $763 million. While the number of farms declined from more than 700,000 to fewer than 600,000 between 1924 and 1958, this reduction was about equal to the increase in the number of employees processing or manufacturing products of farm origin. In addition to these, there are about 70,000 engaged in the food wholesaling and retailing.

I mention these statistics in order to indicate to hon. members the potential market we have in Canada if farmers have the purchasing power. I have had a large number of requests from farm organizations during the last few years for the government to take some positive action to reduce the disparity between costs of operation and prices received for agricultural produce. My own experience as a practical farmer indicates to me that these requests are fully justified. We frequently hear complaints about the costs of support for farm produce, and I would suggest to those who complain that the cost of supporting secondary industry in this country is high by protecting industry through tariffs. In a study of tariff costs made by a Yale economist for the Gordon commission on Canada's economic prospects, the cost of tariffs to Canadians was estimated at from $610 million to $735 million annually. When Canadians are willing to spend such a large amount to support industry, they should not complain about the small amount the government spends in assistance to agriculture.

As further evidence of the importance of government assistance to agriculture, I wish to quote at this time a statement by Prime Minister Macmillan of the United Kingdom, on June 21, 1960:

> A system of price guarantees is not a subsidy to agriculture. It takes the place of tariffs by which manufacturing industry is helped by the government. British farming prosperity has been built up and will be sustained in the future by price guarantees. No country can be truly prosperous without a strong and healthy agricultural industry.

Let me repeat that there are many signs that the decline in western farm income has been a significant factor in causing the unemployment situation in the rest of Canada. I hope that this government will make whatever provisions are necessary to ensure that adequate returns are received by the farmers in the future in order to enable them to share in the general prosperity of Canada.

In conclusion, Mr. Chairman, I should like to make a very brief reference to the new system instituted last year in connection with the deficiency payments on hogs and eggs.

While we realize the difficulties confronting the government under the offer to purchase method which created surpluses, the deficiency payment method has not provided the stability in western Canada that was expected. At intervals during the year the price would fall below the prescribed price, but owing to the higher price prevailing in eastern Canada the western producer would not qualify for deficiency payments. Now that the deficiency payment method has been in operation for over a year, I would recommend that the minister take a close look at the disparity in prices prevailing in western Canada with a view to working out a more equitable system in establishing floor prices for these products.

Mr. Peters: Mr. Chairman, during the past year or so some hon. members, particularly those from western Canada, have disparagingly referred to the fact that I personally and others did not represent a farm area; the reference was particularly to me. I was not sure how extensive was the farming area I represented until the other day I decided to send an inquiry to all the farmers in my riding. I found that, rather than representing a very small farming area, I represented one of the very large farming areas of the country and close to 1,400 farmers. Therefore, in the future I shall make no apology whatsoever for the agricultural speeches that I shall be called upon to make.

Sometimes we forget the extent of the agricultural industry in some of the ridings in Ontario which are not normally considered to be agricultural areas. The other day I spoke to a gentleman who was surprised to learn of the topography of northern Ontario. Probably it would be wise to inform the committee at this time of some of the topographical features of northern Ontario. For years some parts of northern Ontario, particularly the Timmins and Timiskaming areas, were represented by representatives of the mining industry, and a great deal was heard of that industry. Particularly from the managers' point of view and from the company operations side of the picture, and very little was said about the farming areas themselves. One of the reasons why I want to mention the topographical features is a desire to interest not only hon. members and the government in a conservation program for my area and for northern Ontario but also to mention the need for certain conservation measures before a condition develops in that area similar to that which has developed in southern Ontario.

The riding of Timiskaming covers almost entirely the little clay belt. This little clay belt contains about a million and a half acres of probably the best clay agricultural land in Canada. It is a very level area. The little clay belt resulted from the receding waters of a glacial lake which covered the area from James bay almost to the lower end of the Ottawa river valley. The deep part of the lake, which is now called the little clay belt, is an area extending approximately 100 miles from north to south as far as Cobalt where the triangle narrows very greatly to an area from 100 to 125 miles in width. This land is similar to the prairie lands. It is table land which stretches out for many miles with a very slight elevation. You can see from 70 miles to 80 miles from a given point of land. Because the land was created by a lake and later by a river bed it rises in steps which are probably 200 feet high. In this area, as I have said, there are from 1,200 to 1,400 farmers.

There have been many more. Many of the farms in my area are not being operated at all. Many of these farms could be given over to programs such as the one we were discussing a few minutes ago under the Prairie Farm Rehabilitation Act and the community pasture program. Hundreds and hundreds of acres of agricultural land which have been cleared at great expense by the original owners are lying idle. This land could be put to use as community pastures because there is an exceptional opportunity in northern Ontario for beef production.

During the last 10 or 12 years the beef industry in Timiskaming has increased greatly. We are now favoured by having several large community sale barns which are providing a great impetus to the increasing beef production. In this respect, I should like to ask the minister if it would not be possible for the department to send a government grader to these sale barns during the time the feeder sales are taking place. In this way a farmer who has bought an expensive bull to improve the standard of his herd could be given an opportunity of obtaining the premium price that should flow from the purchase of the very best animals. The farmers are to be congratulated on the amount of money and effort they have expended in attempting to make this transition from the poor grade of beef that was produced a few years ago, mainly as a result of the disposal of dairy cattle, to the situation we have now where we have some exceptional beef herds. Many of these herds are registered under the pedigree act, and each year they are increasing in stature. I feel that it would be advantageous if the department were to send at least a grader or two to these feeder sales so that the farmer could get the benefit of the premium price for his cattle and the buyers from

southern Ontario would be able to assess the grade of cattle that was being produced in this area.

The numerous dairy farms in this area, Mr. Chairman, supply a market of between 100,000 people and 200,000 people. The market is a limited one, but there is some hope that with new equipment for handling dairy products the market will be extended to include the Sudbury and North Bay areas. In this area we have a creamery that has been operating for 25 years and in every one of those years has received not less than the first grade for all the butter that has been produced. I believe this is an enviable record and one that is difficult to equal or to better. All the other facets of agriculture that go with mixed farming are found in this area. A considerable number of mixed crops are grown in this area. Timiskaming has produced some of the best timothy seed that has been produced in Canada and ribbons and awards can be produced from the various fairs across the country to prove it.

The other seed producers of the area are plagued by the lack of markets and a lack of facilities which should be afforded to seed grain growers for disposing of small seeds. We have a great need for some new thinking in connection with agriculture in my area. The farmers are pleased to note that the government is giving consideration to the extension of woodlot operations and the reclaiming of land to be put into pulpwood production. This is one of the areas in which this type of development can be used to great advantage. The present practices in connection with the disposal of the bulk of the products from these woodlots cause us to be worried about the future. We have found that there has never been any equalizing of the costs of production in so far as the pulp and paper companies and the saw mills themselves are concerned and the prices those companies will pay farmers for their products from the woodlots.

No assistance has been given to farm woodlot operators through research into the utilization of wood products that would come from the farm. As a result, very little secondary industry in the woodworking field has been established in the area. We have seen the disappearance of the large operators in the bush industry, and this leaves only the farmers' woodlots from which to draw these wood products. The lack of a market for these products has led some of our entrepreneurs into the plywood and chipboard industries. These people hope they will be able to utilize the resources of the farming communities, and this would provide the farmer with a cash crop that would be advantageous to him.

I should like to thank the previous minister of agriculture for answering the call of the people of Timiskaming by treating the outbreak of rabies that plagued the farmers of the district. There was never very much for which I could thank the former minister, but I should like to give him credit for this much. The minister did make the facilities of the department available for the inoculation of pet dogs, cats and other domesticated animals. He made the serum and the facilities available and inoculations were carried out in that area. I am very happy to report that the results have been satisfactory. I would recommend to the new Minister of Agriculture that when there is an outbreak of rabies immediate attention be given to it. A program of inoculation should be carried out by the department in connection with all domesticated animals. I am quite sure the minister will find, as we found in northern Ontario, that the response of the farmers will be very good. Most of the citizens were willing to take their pets for inoculation when it did not cost them anything. This procedure did result in the elimination of the outbreak which could have reached serious epidemic proportions.

It is interesting to note that the outbreak was so serious that more than 40 people in that area had to be treated as a result of contact with animals suspected of having rabies. I understand also that there is some considerable difficulty with rabies in some of the counties of southern Ontario. The federal government is now being asked for some support in paying the claims for some of the animals that were ordered slaughtered as a result of being suspected of having rabies. I would strongly urge the minister to continue this fight to control rabies because it is my opinion that rabies can be controlled if the government shows leadership. During the parliamentary recess I made several trips to Ottawa and discussed the matter with the officials in charge of this department. They were willing to act in this regard and indicated that fewer animals had to be destroyed and that the epidemic was of shorter duration than it would normally have been because of this program.

Timiskaming is famous for many other reasons. The potato king of the world has very often been a man from our area. We have embarked on a program sponsored by local businessmen of inviting farmers from New Brunswick and Prince Edward Island to come to our area to take advantage of the amount of unused land that we have and the favourable climatic conditions for the growing of potatoes. These men from the maritimes are offered plots of 500 acres or 600 acres for their use and are financed by businessmen on a crop share basis. Profits from such a venture

would be split equally between the farmer and the supporter. This program was commenced on a small scale last fall and I understand it was highly successful. It was so successful in fact that I am sure it will continue on a much larger scale this year. As a result of this program I suggest that the Timiskaming area will develop into one of the largest potato growing areas in the country within a very short period of time. I would suggest that this is a very good area for this type of crop because of the existence of facilities, the availability of land, and its closeness to market. For the reasons I have mentioned I feel that Timiskaming will become even better known as a potato producing area.

It has been difficult for individual growers in our area to retain the potato growing championship because of the fact that these individuals have in past years won this championship two or three times in a row. The officials of the exhibit in Chicago will no longer allow those individuals to enter the exhibit. They have suggested that we should allow someone else to win. Perhaps in the near future we can enter this exhibit and win the championship not only on the basis of quality but perhaps on the basis of quantity as well.

I feel that the Timiskaming area is one of the best farming areas in this country. During the past years we have had very favourable climatic conditions and the farmers have always shown an ability to work hard. The growers in this area were blessed at the beginning because of the relatively low cost of land. They were able, as individuals now are, to carve farms out of the bush. As a result, it has been possible for a strong and forceful farming population to grow. However, I should like to invite some of the western farmers to northern Ontario in order to see for themselves the conditions that exist on some of the farms here. I would suggest to the farmers of western Canada that they should not holler so loud because perhaps the farmers in eastern Canada will decide to ask for some of the advantages presently received by those western individuals. I would suggest they show some sympathy for the eastern farmers and their problems. Surely I do not have to remind them that because of this government they enjoy benefits that eastern farmers do not receive.

We have heard fine-sounding arguments regarding woodlots, and other election propaganda of late; but surely we should not put these arguments on that basis because this situation which exists in eastern Canada is a very important one to the farmers of these areas. One need not travel to northern Ontario to see that there are individuals living on farms and working for very small wages in the villages and towns in order to buy and maintain the equipment needed to carry on with the farming operation.

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

Mr. Peters: Certainly.

Mr. Brunsden: What is the hon. member's specific complaint regarding the difficulties existing among the western and eastern farmers?

Mr. Peters: I would refer the hon. member to the dispute that is taking place in regard to feed grain. We have been informed today that in western Canada the price of feed is 50 cents a bushel less than it is in eastern Canada. This will have the result of western farmers feeding cattle with grain that cost 50 cents a bushel less than the cattle feeders pay for feed grain in eastern Canada. There is a further problem involved in regard to this feeding problem in eastern Canada. It is my understanding that in many cases the farmer in western Canada grows the feed and takes it to the feed mill where it is processed for two cents per bushel and then returns the feed to his own property for his own cattle raising purposes, whereas in eastern Canada the farmers support the wheat board and must pay the higher price. The farmers in this area have been sceptical regarding the allowance of this leeway to the feed mills, and have felt that it was detrimental to themselves. When this detriment is reflected in eastern Canada to the extent of 50 cents a bushel for feed grain the farmers certainly feel that they are not getting a fair shake.

Mr. Brunsden: Would the hon. member permit another question?

Mr. Peters: Yes.

Mr. Brunsden: How does this situation reflect on the economy of the eastern Canadian agriculture situation? The hon. member knows, as a result of his attendance and the attendance of his leader at the meetings of the agriculture committee, that the percentage of grain in western Canada going into feed mills is very limited.

Mr. Peters: Surely the hon. member will admit that there is a difference in cost in the neighbourhood of 50 cents a bushel. This represents a great difference in the cost of raising cattle as between the two areas. If the difference in cost were only a few cents, then I would admit that there would not be much effect on the cost of production in eastern Canada.

I am familiar with the practices of the feed grain companies in western Canada because they are in fact the same companies

which exist in eastern Canada. I know that these companies are not going to sell the grain for 50 cents less in eastern Canada because they are able to purchase it for 50 cents less in western Canada. There is certainly a relationship between the purchase price and the selling price. If the grain company were to charge the farmers raising cattle in western Canada the same price that the farmers in eastern Canada pay for feed grain, the man in western Canada would not buy from the grain company but would purchase his feed grain from his neighbour.

How does the difference in cost affect the farmer in eastern Canada? I must tell the hon. member that hundreds of head of cattle are sold at community sales each week in my area. The farmers in my area are certainly in competition with the beef producers in western Canada; and if there is to be this great difference in the cost of grain feed then there will certainly be a difference between the price of eastern and the price of western beef. I do not think that situation is difficult to understand.

Mr. Forbes: May I ask the hon. member a question? Has the hon. member any evidence to support his suggestion that the farmer in western Canada sells his feed grain at 50 cents per bushel below the market price?

Mr. Peters: I have it right here.

Mr. Brunsden: Put it on the record.

Mr. Peters: I was informed that this is so, and I have no reason to believe it is not so. I am very much surprised at the western members. They are very happy to say that this does not happen, but they must know it has been happening for years and years. There has been a continual bootlegging of grains in western Canada outside the sphere of the wheat board. This has been going on for a long, long time.

Mr. Chairman, I was going to continue my speech on other subjects, but this matter has now been raised and perhaps I should deal with it. The national farmers union presented a brief to the government this year, and in it they had a great deal to say about this matter. I will read some of the brief:

> We believe that the family farm is the most efficient unit in terms not only of production, but also in terms of soil conservation and human and social values. We, therefore, believe that the preservation of the family farm is of importance to farm families as well as to the nation as a whole.
>
> 6. Reports from local farm forum groups, as publicized by the Saskatchewan farm forum office, indicate that country people were disgruntled by the farm forum guide. One forum "wished to express their disapproval of the ideas contained therein, and would be glad if the person or persons responsible for its contents were not given an opportunity to write for it again". Another forum bluntly stated: "It looks to us like someone is trying to sell us down the river".
>
> 7. We share the dismay of the forums and have brought this information to your attention because it has a direct bearing on our main question which we have put to you in 1959 and 1960, and to which we have not received an answer. The question is: "Are federal agricultural policies to be enacted that will aim at the preservation of widely distributed private ownership of productive assets, enabling men to maintain themselves and their families on their farms, or does the federal government intend to let those economic forces have free play, that encourage the trend to anonymous, corporate ownership with all its inherent dangers".

Further on in the brief this is said:

> 9. Still dealing with the question of the family farm *v.* the factory farm, we draw to your attention the grave effects any weakening of the quota system of the Canadian wheat board will have on the economic position of farmers in the prairies.

Mr. Brunsden: Mr. Chairman, will my hon. friend permit another question?

Mr. Peters: Certainly.

Mr. Brunsden: Is my hon. friend under the impression that this situation arose this year, last year or the year before? Does he recognize it has been in existence for 20 years—

An hon. Member: Never.

Mr. Brunsden: —and that we are now legalizing a practice that has grown up over a long period of time?

Mr. Peters: Yes, Mr. Chairman; I am well aware of that. I said that bootlegging had gone on for a long time, but bootlegging is not recognized as a favourable practice in my area. We certainly never elected to the House of Commons people who participated in this practice. That happened with the former western member who bootlegged in wheat and demonstrated this fact publicly in advertisements. He is no longer a member of this house. Unfortunately he was a member of this party. He put advertisements in the newspapers which showed he was condoning the bootlegging of wheat.

To answer the hon. member's question, I am well aware that this practice has gone on, and I am not in agreement with legalizing bootlegging.

We had a great deal of talk last year about the unfortunate position of the feed mills. If that was only to legalize bootlegging, I am not in favour of it. Mr. McNamara is not in favour of it either—

Mr. Brunsden: Mr. Chairman, on a point of order, I did not use the word "bootlegging". I merely said that a practice had grown up in western Canada by virtue of the dire necessity for a market for wheat. Because of that situation, this practice developed.

I did not use the word "bootlegging" and I had no intention of using it. I resent my hon. friend accusing me of using that word.

Mr. Peters: Mr. Chairman, I did not accuse the hon. member of using it. I used it. I am only using a colloquial expression to describe something that everybody else may call by a much more polite name. Even the government had a name for it, because they put it under legislation and called it something else altogether, assistance to feed mills or something of that nature.

An hon. Member: That is nonsense.

Mr. Peters: If these hon. gentlemen who talk from their seats will rise and ask questions, I will answer them.

The Chairman: Order. The hon. member would have to obtain the unanimous consent of the house to answer any questions, because his time has expired.

Mr. Best: Mr. Chairman, I was interested in the belligerence of the hon. member for Timiskaming this evening and the seeming split which has developed in the C.C.F.-New Party—

Mr. Peters: Not at all.

Mr. Best: —between the east and the west, pitting the eastern farmer against the western farmer. I must say that this is not the first instance we have seen of this split today. The hon. member for Assiniboia was talking about people going off the farms during our discussion on the previous agricultural resolution and disagreeing strongly with it. Then the hon. member for Timiskaming rose later and said that people should be taken off the farms, large tracts of land should be assembled by the government and these people should manage them as government employees. We have here a complete contradiction in policy and philosophy and I can see a large chasm and great split developing in this small group down at the end of the chamber.

I expect the hon. gentleman wants large, corporate state farms run by state officials. That is the only conclusion I can draw from what he has said. I must point out to the hon. member that if he examines the record tomorrow he will see that earlier today the leader of his group spoke rather differently.

There is one matter to which I would refer specifically this evening. I wish to refer to page 2404 of *Hansard* of Friday, February 24, 1961, when the estimates of the Department of Agriculture were being dealt with. The Minister of Agriculture was dividing up the estimates for this coming season into four main categories. One of these categories was grants and subsidies, and another was rehabilitation, including P.F.R.A. and the Maritime Marshland Rehabilitation Act. The third area covered a wide range of legislation under the Canada Grain Act, the Prairie Farm Assistance Act and the Agricultural Stabilization Act. The fourth area covered agricultural research within the Department of Agriculture. It is this area specifically with which I should like to deal briefly this evening.

The minister told us that the agricultural research section takes up 24 per cent of the revenue of his department, and as a figure that is $28.8 million for this coming year. This is a large figure, and coupled with the amount expended in provincial agricultural research this must add up to a very considerable figure indeed for research right across Canada.

I have mentioned previously in this house the idea of an agricultural research council in Canada. I should like to develop this idea briefly this evening. I am convinced that such a council could facilitate co-ordination and liaison between the different types of agricultural research in the federal government and its research system, the experimental farm system, and the various provincial agricultural research bodies across Canada. At present there is of course liaison in this field, but I have in mind a body which would report directly to the Minister of Agriculture and which might perhaps be able better to co-ordinate the work and to bring about a focus of attention on areas of agricultural research which might be either too big, too small or too difficult to be covered by any single body set up at the present time.

I also have in mind that while we could get more for the money spent presently in the total field of agricultural research in Canada, we might be able to save money and avoid duplication through overlapping in this field. I should also like to comment briefly on the liaison that exists in this area at the present time. There are at the present time a number of methods of liaison between the federal department of agriculture and the provincial departments and the other agricultural bodies. There are, for instance, associate committees of the national research council sponsored by the national research council and having varied membership. Such committees have dealt in the past with problems of plant breeding, plant diseases and animal nutrition. They are essentially work planning committees or committees planning the co-ordination of research in these various fields. In addition, the provincial governments sponsor committees in various fields. Federal research men sit on these various

committees which are largely concerned with the pooling of information and the dispensing of research information together with its practical results.

Many provinces have these committees. I am told the Atlantic provinces share one. I am not certain whether Quebec has one or not. There is also a national advisory committee on agriculture made up of the federal deputy minister and all the provincial deputy ministers of agriculture across Canada. There are certain specific subject subcommittees under the national advisory committee and research personnel sit on these subcommittees. I can point to such examples as the national committee on weeds co-ordinating weed research programs. Other subcommittees deal with animal breeding, farm buildings, engineering, soils, and similar subjects. These subcommittees are largely concerned with research planning, but include some extension matters. Also under the national advisory committee is a series of provincial committees, one per province, under the chairmanship, I believe of Mr. A. E. Barrett, assistant to the director general of the research branch of the federal Department of Agriculture. Provincial experts form the remainder of the membership and they study all sorts of fields, mainly extension projects but including new facilities, specific projects and requests from farm bodies and individuals, I am told. There is another form of liaison which goes on at the present time. It takes place at federal agricultural stations such as Harrow, Ontario, and Kentville, Nova Scotia. Here provincial extension men work in co-operation with federal personnel. Liaison of this sort is both right and proper.

I said earlier that I believe the setting up of an agricultural research council would mean better use being made of the money and personnel now being devoted to this field by both federal and provincial governments. I should now like to comment briefly on the organization of such a council in Great Britain at the present time. I am examining a document entitled "The Promotion of the Sciences in the Commonwealth" put out by the United Kingdom information office in January, 1958. The publication notes that agricultural research in its early days in Britain was not centrally organized. We know of such important stations as the Rothamsted experimental station which, I believe, was originally set up privately around 1889. Some 20 years later, in 1909 it was recommended that financial aid should be made available from the development fund to aid and develop agriculture and rural industries by promoting scientific research. In 1911 the development fund was used to promote a scheme which led to the establishment of many of the present day agricultural institutions. In 1931, in Britain, the agricultural research council was established by royal charter to be responsible for the general organization and development of agricultural research in Britain.

The council was given funds to spend at its own direction and gradually took over the various responsibilities in this field. I will go on to say that it is responsible in Great Britain to a committee of the privy council for agricultural research, and under the agricultural research act of 1956 it was charged with the organization and development of agricultural research at which time an agricultural research fund was established. This council consists of not more than 18 and no fewer than 15 members. It is of varied composition and it is responsible for the financing of independent research institutes and—this is very interesting—for making grants for special investigations to universities and research bodies. It also awards research fellowships and post-graduate studentships in agricultural and veterinary science. There is obviously great co-ordination there but of course we must not draw the immediate conclusion that we need exactly the same system here in Canada. I would only say that in a country such as Canada with its provincial jurisdictions and a much wider area to be covered, the establishment of such a council might prove even more advantageous.

I should now like to point out briefly what happens in the United States. The situation there is different but there is considerable liaison between the federal government in Washington and the various state governments. I am quoting from a document put out by the national science foundation and entitled "Organization of the Federal Government for scientific Activities". This publication states on page 23:

> While most scientific activities are carried out by the department with its own personnel and its own facilities a significant proportion is conducted through co-operative, contractual and grant programs with state and private institutions and agencies, and with industrial firms. The unique and central feature of the research programs of the department is its traditional system of elaborate co-operation and co-ordination with the research and educational activities of the land-grant colleges of the states and territories of the union.

We can see that there is a very fair measure of co-operation and liaison there.

In conclusion I should like to define a little more clearly what I think an agricultural research council could do in Canada. I believe it could define research problems. It could define them jointly, given good liaison, with all those working in this particular field in Canada. Second, in solving the problem, for

instance, it could work through universities, through provincial or federal research establishments depending perhaps on the background the availability and personnel and so forth to work on any given problem. It could perhaps also work jointly with private companies in the agricultural research field. The membership of such a council would include, I suppose, provincial and federal representation, farm groups and companies involved in the agricultural business and research field. I would say that such a council might not at first undertake its own research projects. It could perhaps recommend initially at least to various bodies that various projects should be conducted and could go slow at first with the actual allocation or spending of moneys on its own. After it got going it might adopt some more basic functions and be able to allocate money with regard to specific areas and difficulties in the agricultural research field. This council could examine areas where Canada at present has blank spots. It might direct its attention to problems too big or too difficult, or too small or too specific to be undertaken at other levels. It could indicate how joint action, joint co-ordination and co-operation might solve such problems and then could allocate funds to a specific research group attached to an agricultural college, university or other such institutions.

I have emphasized that such a council might save us money. I am convinced it could do away with overlapping and duplication and could focus attention on the real problems facing agriculture today. It would aid in the education and training of our scientists and personnel engaged in this field. I believe that the retired secretary of the agricultural research council in Britain, Sir William Slater, has made a study relating to re-organization within our own Department of Agriculture. Perhaps such a man might be called upon to make recommendations concerning whether or not an agricultural research council should be set up in Canada, and indeed he may have done so.

There is another matter that is related to this field that probably could come under such a council or perhaps could be set up separately. I refer to the national council on farm policy research which is to be held in Winnipeg in April, 1961. This council has to do with marketing problems and economic policies. It therefore is somewhat outside the ambit of the research field of which I am speaking and perhaps it might be wiser not to combine with research the political aspect, and the controversial field of economics and marketing problems. Perhaps consideration would be given to the establishment of what would be strictly a research council.

[Mr. Best.]

Mr. Chairman, I hope these ideas will be given favourable consideration by the government in the future.

Mr. Peters: Mr. Chairman, I wish to thank the previous speaker for his intervention. I wish to remind him of one thing of which he should be reminded and to which he should give consideration. The hon. gentleman made a reference to my leader and myself and our views in respect of this present measure. I wish to inform the hon. gentleman, through you, Mr. Chairman, that I was elected by the people in the constituency of Timiskaming to come to parliament to represent them to the best of my ability, always having their interests at heart. It does not apply in this case but let me say I would stand up for the interests of the people of my riding against any hon. member in any part of the chamber. My prime responsibility is to those who elected me. I am not like some of the hon. gentleman's colleagues who say, in effect, "We would love to do this but our party is against it at this time". If the hon. gentleman wants quotations, I have them here and with the permission of the Chair I will read them. What the hon. member's party stands for is the exact opposite of what we stand for.

Mr. Brunsden: Mr. Chairman, on a point of order—

Mr. Peters: I have not read the quotation and if there is objection I will not do so.

Mr. Brunsden: On a point of order, Mr. Chairman, the hon. member had his time a little while ago. Is the hon. gentleman now making another speech?

The Chairman: The hon. member is entitled to speak for 30 minutes at a time.

Mr. Pickersgill: And as often as he likes.

Mr. Argue: The Tories have not yet applied closure.

Mr. Peters: I was saying that I support my riding, my people and their interests and if it is necessary I will do so against any segment of the committee. In this instance there is no difference of opinion. Now that this issue has been raised there will be a further statement. Previously it had not been raised. I thank the hon. member for Moose Jaw, Dauphin, Medicine Hat or wherever he comes from, for raising it in the first place.

Hon. members of the Conservative party do not represent their ridings but vote as the government decides they should vote or as the cabinet suggests. Here is a statement made by one hon. member of the government party:

We are torn, as it were, between two choices, like a father with two sons. If a recommendation has been made by the cabinet, or by the minister, and apparently it has been, I submit that the government members have no alternative other than to support our government.

Mr. Horner (Acadia): Would the hon. member state from what he is reading?

Mr. Brunsden: The hon. member does not know.

Mr. Peters: I am reading from the evidence of the standing committee on veterans affairs of February 23, 1961. If hon. members wish me to do so, I will name the people.

Mr. Horner (Acadia): I believe it is customary under the rules of the committee for an hon. member to state what he is reading from and to indicate who made the statement.

Mr. Peters: The first statement was made by the hon. member for Swift Current-Maple Creek.

Mr. Browne (St. John's West): Mr. Chairman, on a point of order, is it proper for an hon. member to read from a document of that kind when the committee is sitting and has not reported?

Mr. Horner (Acadia): In any event, what does this have to do with agriculture?

Mr. Brunsden: Nothing.

An hon. Member: The hon. member is incapable of relating two ideas.

The Chairman: Do I understand that the hon. member is reading from the proceedings of the committee on agriculture and colonization?

Mr. Peters: The veterans affairs committee of this year.

The Chairman: I understand that one may quote from a report of a committee but that one may not criticize a decision taken by a committee.

Mr. Peters: At page 126 of this report the hon. member for Megantic is reported to have said:

Our responsibility is to study the bill and to make the best decision we can on it. The only power that we have is to recommend to the government. And now, it is up to the members, whether they are supporting the government or the opposition, to make their positions clear. After our position is made known to the house, it is up to the government to decide as to whether it implements the recommendations or not. Then, at that time, the members can vote for the government or against it. It is as simple as that.

On the same page, the hon. member for Middlesex West is reported as saying:

I will be glad to make my statement without political bias. However, it is a fact that the members of the government are placed in an awkward position.

The awkward position is that government members were not representing the veterans in their constituency because the government was not taking action in the particular matter under consideration. The hon. members of the government had to vote against the wishes of the people who elected them because the Conservative party said that was what they had to do. The government did not accept the recommendations presented.

I refer to this matter in order to make it clear that I will vote against my party when it is necessary to do so in the interests of my constituents.

Mr. Brunsden: When have you ever done it?

Mr. Peters: I have done so on a number of occasions; and to be completely fair I should say that this has been done on a number of occasions by hon. members of the party to which the hon. member who raised the matter belongs. Of course they got into trouble for doing so, but they exercised their integrity and sincerity on those occasions.

I return now to the question of the wheat board with which subject I was dealing when I was so rudely interrupted by the expiry of my time.

Mr. Horner (Acadia): Would the hon. gentleman permit a question? Would the hon. member ask his leader what he finds so funny? The hon. member for Assiniboia has been sitting there giggling for the last half hour.

Mr. Argue: I have been looking at you.

Mr. Peters: I do not need to ask him. What is funny is that a government member should ask questions that are so easily refuted. Let me read the refutation advanced by the wheat board:

Chief Commissioner W. C. McNamara pinpointed the operation of the Canadian wheat board before the standing committee on agriculture and colonization when he said:

"Orderly marketing is achieved by the quota regulations under the Canadian Wheat Board Act."

He went on to say:

"In the view of our board the essential feature of the marketing scheme established by the statute is the equitable rationing of delivery opportunities and the ensuring that, as far as possible, all producers will get the same basic price at the same time for like kind, grade and quantity of grain. Equal delivery opportunity is the basic feature of the scheme.

Obviously, Mr. Chairman, this is not happening. When the price drops 50 cents at the feed mills in so far as one farmer is concerned, another one may be getting a much higher or even a lower price for selling to another feed mill, say, under the wheat board.

The brief goes on to say:

It is our considered opinion that the recent exemption of western feed mills from the quota and pricing regulations of the Canadian wheat board destroys this "basic feature" of the marketing scheme by depriving many grain producers of equal delivery opportunities.

I am concerned not only with the matter of equal delivery opportunities but also with Mr. McNamara's contention that all producers will get the same basic price at the same time for like kind, grade and quantity of grain. In my opinion, Mr. Chairman, this feature has been eliminated. I suggest further that its elimination is detrimental to the farmers of eastern Canada. Therefore, I would advise western members to walk very softly when they attack the position that some of us in eastern Canada take, because we have been willing to give them every possible opportunity to get what they desired. We should also like to have that opportunity extended to our farmers. You have noted my support on many occasions, Mr. Chairman, of the maintenance of stable prices in the legislation which has been introduced, and in measures which have not been introduced. I have supported them because I thought they were better than the measures which were supported by the government members, and I refer particularly to deficiency payments on grain.

Mr. McNamara went on to say:

If a producer may sell a portion of his crop to a mill for flour, feed or seed, outside of his quota, he would then be able to deliver to the other channels of the marketing system grain up to the amount of his quota and thus achieve an advantage over less fortunate producers who were not able to get their grain into the local flour, feed and seed outlets.

In our meeting with the Canadian wheat board at Winnipeg on February 1, Mr. McNamara was questioned and admitted that quotas would be affected by the present exemption of western feed mills.

Mr. Brunsden: On a point of order, the hon. gentleman is reading from another document but he has not identified it.

Mr. Peters: I am sorry; this was a complete oversight. I identified it previously as the national farm union submission to the Canadian government on February 15, 1961.

Mr. Brunsden: The hon. gentleman used the word "we".

Mr. Pickersgill: Presumably they did.

Mr. Peters: It could be the identity of myself. I continue with the brief:

Finally we want to point out that, when he was asked by the hon. member for Humboldt-Melfort at the hearing before the standing committee on agriculture and colonization whether he wanted any of the board's powers relaxed, Mr. McNamara said "no".

[Mr. Peters.]

In view of the chief commissioner's clearly expressed opposition to the exemption of western feed mills from the quota and pricing regulations of the wheat board, the gross injustice it does to many farmers, and the strong sentiments expressed in many country meetings, we respectfully request that the Canadian wheat board be instructed to rescind instructions to the trade Nos. 41 and 43 which allow feed mills open market rights in purchasing feed grain supplies outside of wheat board price and quota regulations. We are happy to report that Mr. McNamara has agreed to meet with our executive and review the situation.

My argument in relation to this matter is that a differential of 50 cents would be detrimental to the beef producers, the poultry producers, the hog producers, the dairy producers, and all those who are buying feed. It would be detrimental to the production of agricultural products in my area because none of this 50 cents will ever flow from the feed mill to my area. None of this 50 cents will ever accrue to the farmers in my riding. If there is a differential in the production of beef and agricultural products which is brought about by the difference of 50 cents in so far as the eastern and western farmers are concerned, it will be the result of legislation passed by this government last year.

I hope this matter will go before the agriculture committee. I hope this will be referred to that committee by the minister who no doubt is aware of this situation because he represents all the farmers of Canada and not only one small segment, namely the grain producers.

Mr. Argue: Small?

Mr. Peters: This matter has to be incorporated in the regulations of the wheat board. We in eastern Canada want the equality that existed under the wheat board to be extended to us.

There will be no difference of opinion between my leader and myself in this regard. He is now the leader of a very influential party in Canada. He will speak on behalf of the farmers of western Canada with the same strong voice as that with which he has spoken before. He will also ask them to give respect and consideration to the needs and desires of the farmers in my area as well as those of all other farmers throughout Canada. In the C.C.F. we have always had a leader who has been willing to speak for all the people of Canada, as, incidentally, it is the responsibility of every member in this house to do.

Mr. Brunsden: May I call it ten o'clock, Mr. Chairman?

Mr. Argue: No; you cannot chisel like that.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I believe the house leader intends to indicate some slight change in the business for tomorrow.

Mr. Churchill: Yes. Following consultation with the parties on the other side of the house, it now appears that it would be appropriate to start off with interim supply tomorrow. My understanding is that we hope that by one o'clock interim supply would be completed. Then we would follow with the estimates of the Department of Agriculture.

The forecast for next week, Monday, Tuesday and Wednesday, runs in this way, subject, of course, to change and to the progress that the house makes. We will start off on Monday with supplementary estimates. It is impossible to tell how long we shall be on those, but during the course of the three days we should like also to consider Bill No. S-5, which is No. 1 on today's order paper, to amend the Canadian and British Insurance Companies Act, and Bill No. S-6, which follows it, to amend the Foreign Insurance Companies Act. These bills were before the house earlier and were referred to the banking and commerce committee. They have now come back to the house. If time permits next week, we might also continue with the estimates of the Department of Agriculture.

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

Questions

ANSWERS TO QUESTIONS

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

FEDERAL GRANTS FOR AIRPORT CONSTRUCTION, QUEBEC

Question No. 130—**Mr. Boivin:**

1. Has the Department of Transport made any grant for the construction or extension of the following airports: Baie Comeau, Gaspe, Godbout, Havre St. Pierre, Matane, Rimouski, Rouyn, St. Jean, and Senneterre?

2. Are the said airports placed under municipal management?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

1 and 2. The department has made grants in aid toward construction at the airports at Gaspe, Matane, Rouyn, Senneterre and Havre St. Pierre. In addition, the department has actually carried out construction work at airports at Rimouski, St. Jean and Baie Comeau.

SUMAS PRAIRIE, B.C.—PURCHASE OF LAND FOR AIRPORT

Question No. 148—**Mr. Winch:**

1. Did the federal government in or about the year 1940 purchase land on the Sumas prairie in British Columbia for the construction of an airport?

2. If so, what was the amount of land purchased, and total price paid for same?

3. Has the federal government sold all or any part of this land, and, if so, to whom, and for what price?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

1 and 2. Yes, in 1942, the Department of Transport, acting as agent for the Department of National Defence, acquired by expropriation approximately 422 acres of land, at a total cost of $32,624.30.

3. Yes, all the land was sold in 1958, through Crown Assets Disposal Corporation, to Buckersfield's Ltd., of Vancouver, B.C., for the price of $67,601.

HOUSE OF COMMONS

Friday, March 24, 1961

The house met at 11 a.m.

AGRICULTURE

SUNFLOWER SEED—ANNOUNCEMENT OF SUPPORT PRICE

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, I wish to announce that the agricultural stabilization board has been authorized to support the price of sunflower seed to the producers of this crop in the provinces of Manitoba and Alberta at 4.15 cents per pound for Canada No. 1 grade, 10 per cent moisture, delivered at the crusher for the manufacture of sunflower seed oil. The support price is approximately 100 per cent of the base price.

The production of sunflower seed in Manitoba has been an important secondary cash crop in that province for a number of years and the board has supported the Manitoba producer price for the past two years. Production of sunflower seed in Alberta has been increasing in recent years, and it is now becoming an important secondary cash crop in that province. Alberta producers have therefore been included in this year's support program.

[*Later:*]

On the orders of the day:

Mr. G. R. Muir (Lisgar): Mr. Speaker, I should like to address a question to the Minister of Agriculture arising out of his announcement in regard to sunflowers. Is the 4.15 cents a fixed price for each province or an average price on the production of both provinces?

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, it is a national average taken from the figures that we have for Manitoba and the estimated figures that we had for Alberta; a national average.

Hon. Paul Martin (Essex East): A supplementary question. Is it not a fact that the farmers of western Canada asked for a regional price and not for an average national price?

Mr. Hamilton (Qu'Appelle): Mr. Speaker, I always bow to the great wisdom of the hon. member for Essex East on agricultural matters. In this instance we consider the prairies to be a region or national area.

Mr. Martin (Essex East): My question was, is it not a fact that the farmers of western Canada asked for the application of a regional price on the basis of individual provinces and not an average price, as suggested wrongly now by the Minister of Agriculture?

Mr. Hamilton (Qu'Appelle): The representations from the sunflower producers were based on the one price for the two provinces.

EXTERNAL AFFAIRS

LAOS—INQUIRY AS TO CURRENT SITUATION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether he is in a position to add anything to what he was good enough to tell the house yesterday on the serious situation in Laos.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in the 24 hours that have elapsed since I commented yesterday on the Laotian situation there have been certain positive developments. The military situation is that the Pathet Lao are continuing to make serious inroads into territory previously held by the royal Laotian government. The situation changes from hour to hour, and I think what appears in the press will give a general idea as to the situation in that regard.

A determined effort has been made by the governments of the United Kingdom and the United States to find a basis for peaceful negotiation with the objective of bringing an immediate end to the hostilities in Laos, of ensuring its neutrality and detaching it from the pressures of the cold war. There can be no doubt that this course is the one best calculated to serve the true interests of the Laotian people and prevent the present hostilities from spreading beyond the borders of that country, the result of which would be to create an even more serious threat to world peace.

As hon. members know, yesterday the United Kingdom laid specific proposals before the Soviet union. These call for an appeal from the United Kingdom and Soviet co-chairmen for an immediate cease-fire in Laos, the first and the most necessary step; following that cease-fire, the reconvening in New Delhi of the international control commission for Laos, of which Canada is a member along with India and Poland.

Inquiries of the Ministry

When the commission so reconvened found that an effective cease-fire was in effect, an international conference would then be called. This conference could consist either of the countries represented at the Geneva meeting of 1954—that is, the United States, the United Kingdom, France, communist China, the U.S.S.R., Laos, Cambodia, South Viet Nam and North Viet Nam—or on the other hand, the larger conference along the lines proposed by Prince Sihanouk of Cambodia. This would extend membership of the conference to the members of the international supervisory commission for Laos and to Burma and Thailand.

The proposals which I have just outlined represent a sincere attempt to find common ground and would, if successful, accomplish the main objective of a neutral and independent Laos. There are, of course, grave difficulties still to be overcome, including the timing of a cease-fire in relation to the proposed conference and the identity of the government which would represent Laos at such a conference. The Canadian government fully shares the objectives of the United Kingdom proposal and, as I said yesterday, would be prepared to play its part in the international supervisory commission which would have an important function to perform in relation to the implementation of the proposals.

FORT PEPPERRELL, NFLD.—TERMS OF REFERENCE TO SUPREME COURT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Justice whether the reference to the Supreme Court of Canada announced by the Prime Minister on January 23 with respect to Fort Pepperrell, just outside St. John's, has yet been made.

Hon. E. D. Fulton (Minister of Justice): No, Mr. Speaker. My understanding of the situation is that counsel for the government of Canada and the government of Newfoundland are working on an agreed statement of facts which would form the basis of the reference.

Mr. Pickersgill: I should like to ask a supplementary question. In view of the urgency of getting a decision from the court in the present year so that use can be made of this very valuable property, I wonder whether the minister would see if this matter can be expedited.

Mr. Fulton: I was inquiring into the matter just yesterday, and am glad to be able to tell the hon. gentleman that I have anticipated his suggestion.

[Mr. Diefenbaker.]

"CANADIAN OVERSEAS VOLUNTEERS"—INQUIRY AS TO FEDERAL ASSISTANCE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I would like to direct a question to the right hon. Prime Minister. In view of the fact that a Canadian peace corps called "Canadian Overseas Volunteers" has been set up under the sponsorship of groups at the University of Toronto and Laval University, with its first objective being the provision of volunteers for Ceylon, is the Canadian government prepared to lend any financial assistance to this worthy project?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. gentleman was kind enough to send me the reference to this organization and a summary of what it has done as set out in *Varsity* of March 10.

The action of the young men and women both at Toronto university and Laval University, as well as the members of the faculties associated with them, shows a foresight and a spirit of co-operation in international affairs that deserves the widest commendation. This plan in essence has been in formulation for about a year. I think it is only fair to say that the fact that these young men and women got this under way so long ago indicates that they are taking a proper interest in world affairs.

In so far as the question of finance is concerned, the article points out that the Canadian overseas volunteers are now engaged actively in raising the funds they will need and are appealing to industry, business and the various student governments at the universities. As far as the government are concerned, we give the highest approbation to the conduct of these young men and women, and the external aid office and Canadian missions abroad will extend to them, in their initiative, every administrative support and assistance.

Mr. G. J. McIlraith (Ottawa West): I would like to ask a supplementary question, Mr. Speaker. Could the Prime Minister tell us whether the contributions of industry, business or individual persons to this group will be allowable as income tax deductions on the basis of similar types of charitable donations.

Mr. Diefenbaker: Mr. Speaker, I think I ought to pass that question over to the Minister of National Revenue and, even in so far as he is concerned that might be placing him in the position of interpreting the law which I am sure the hon. gentleman being a lawyer would not want him to do.

Mr. Speaker: I doubt that the hon. member for Ottawa West would expect to receive the answer to such a difficult problem across the floor of the house.

Mr. McIlraith: Perhaps I can rephrase my question. Is this organization listed by the Department of National Revenue as one of those that qualify in that category?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, to the best of my knowledge the answer is no. As the hon. member appreciates, those organizations must make application to qualify as such, and it is not just a matter of the department doing these things on its own. Organizations must apply in this regard. I received three such applications yesterday, as a matter of information. When an application is received in the form which is prescribed, the matter is taken into consideration by the officers of the department, the legal branch and by the minister, and a decision is rendered. This course will be followed in this case if and when an application is made.

Mr. Argue: I would like to ask a supplementary question. In view of the Prime Minister's very complimentary and generous remarks with regard to this organization do I take it that if it includes the government in the list of bodies to be approached for financial assistance, the government will give sympathetic consideration?

Mr. Diefenbaker: Mr. Speaker, I note in the article that it states that some 35 students are presently devoting their Saturday mornings to briefing sessions about Ceylon, that the scheme will cost $2,000 annually for each volunteer sent. There has been no request made so far, and I have never found it convenient to anticipate what the results will be when requests are made. These young people are doing worth-while work and have not asked for any government assistance.

[*Later:*]

Mr. Nowlan: Mr. Speaker, I have been reminded by the hon. member for York Centre (Mr. Stinson) who is president of Canadian Overseas Volunteers, that some time ago that organization made application to the department to have donations thereto ruled as charitable, and such ruling was granted.

TRADE

URANIUM—ALLOCATION OF CONTRACT WITH UNITED KINGDOM

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wish to direct a question to the Prime Minister and ask if he would comment on the revelation that Eldorado has had a contract with the United Kingdom for some years for the purchase of some $200 million worth of uranium over a period of years. Would the Prime Minister inform the house on what basis this large contract will be allocated among the producers?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I do not think that would be a proper question at the moment. I suggest I simply take it as notice and that on Monday an answer be given as far as it is possible to do so.

PROPOSED U.S. RESTRICTIONS ON TOURIST IMPORTS

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, in view of the absence of the Minister of Finance and the Minister of Northern Affairs and National Resources, I should like to address a question to the Prime Minister. Has the government been notified whether any decision has been reached by the United States government in respect of the bill to reduce the value of tariff free tourist goods permitted entry from $500 to $100?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I will take the question as notice.

INDIAN AFFAIRS

LILLOOET, B.C.—REPORTED DISMISSAL OF LIQUOR CHARGE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I want to ask the Minister of Justice if he can comment on the report that a magistrate in the town of Lillooet, British Columbia, has dismissed a charge laid against a native Indian for having bottled beer in his possession—

Mr. Speaker: Order.

Mr. Winch: —contrary to the federal Indian Act because the section involved contravenes the bill of rights?

Mr. Speaker: Order. I think the hon. member is asking the Minister of Justice to comment on a routine matter of the administration of justice, which is a provincial rather than a federal responsibility.

Hon. J. W. Pickersgill (Bonavista-Twillingate): On the point of order Your Honour has raised, surely what the hon. member is inquiring about is a decision which the court has made with respect to legislation of this parliament. In view of the fact that the bill of rights is involved it seems to me it is a proper question.

Inquiries of the Ministry

Mr. Speaker: Order. I am sorry, but I cannot agree with the hon. member in that respect. It does not seem to alter the case at all, the fact that the magistrate referred to the bill of rights.

On the contrary, it would involve an improper request for a legal opinion.

BUSINESS OF THE HOUSE

UNEMPLOYMENT INSURANCE ACT—INQUIRY AS TO REVISION THIS SESSION

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I wish to direct a question to the Minister of Labour and ask if he could advise the house whether it is the intention of the government to amend the Unemployment Insurance Act this session in order to bring under coverage tradesmen and particularly those carpenters who are employed in repairing or altering privately owned homes, and who are being denied coverage on the ground that they are employed in casual labour in a type of work which has nothing to do with the employer's normal line of business.

Mr. Speaker: Has the hon. member given notice?

Mr. Robichaud: No, Mr. Speaker.

Mr. Speaker: The question involves, I would think, an inquiry into particular circumstances.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I am in no position at this time to say what form the amendments will take.

Mr. Speaker: It is a matter of policy.

Mr. Robichaud: A supplementary question, Mr. Speaker. Will the minister tell the house whether there will be amendments to the act?

Mr. Starr: There will be amendments to the act.

BANK OF CANADA—CONSIDERATION OF REPORT BY COMMITTEE

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to address a question to the Acting Minister of Finance. Is he aware that on Wednesday, March 15, I raised a question with respect to the submission of the report of the Bank of Canada to the banking and commerce committee. The minister made a commitment that not later than the end of this week he would make a statement in connection with this subject. Is the acting minister going to make the statement today?

[Mr. Pickersgill.]

Hon. George C. Nowlan (Minister of National Revenue): I would have to take that under consideration, Mr. Speaker. I have no instructions on the matter, and obviously I cannot make a statement.

COMBINES

OTTAWA—REPORTED IDENTICAL QUOTATIONS FOR ALUMINUM SULPHATE

On the orders of the day:

Mrs. Jean Casselman (Grenville-Dundas): Mr. Speaker, may I direct a question to the Minister of Justice and ask whether it is a fact, as stated in a report in the Ottawa *Journal* of March 21, that the government failed to answer a complaint from the city of Ottawa made last January regarding identical tenders received by the city for aluminum sulphate.

Hon. E. D. Fulton (Minister of Justice): No, Mr. Speaker, it is not a fact. The facts in this respect are quite contrary to what appeared in the press which, in turn, appears to reflect what was said at a recent meeting of the Ottawa board of control.

The facts are that a letter complaining about these bids, dated January 12, 1961, was received from the city of Ottawa. It was addressed to Mr. T. D. MacDonald, who has not been director of investigation for some months. Mr. Henry, who is the director, replied on January 17, advising that an officer from the branch would get in touch with the city purchasing agent shortly. This was done, and the officer made a report to the director on the information obtained. This report is being considered.

LABOUR CONDITIONS

WINTER WORKS PROGRAM—SAVINGS TO UNEMPLOYMENT INSURANCE FUND

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Minister of Labour. Has the minister any estimate of the saving to the unemployment insurance fund that resulted from the winter works program that, according to the minister's statement yesterday, will provide an average of approximately 11 days of work per man on site?

Hon. Michael Starr (Minister of Labour): The latter part of the question is incorrect, Mr. Speaker. I did not say that it supplied 11 days of work per man on site. The hon. member's division is incorrect. As to the other aspect of the question, I suggest that he place his question on the order paper so that we can look into the matter to see whether any computation can be arrived at.

Mr. Garland: May I ask a supplementary question.

Mr. Speaker: I think the hon. member's original question is properly one for the order paper, particularly since he did not give any notice that he required statistical information. If he has another question I shall recognize him later.

Mr. Garland: On a point of order, the minister has implied that the figures I have used are wrong. I suggest to him that—

Mr. Speaker: Order. The hon. member would have to give me more information before I could find a point of order in what he says. There is really no point of order arising that would permit the contradiction of a statement made by another member. There might be a personal explanation if it involved the reliability of the hon. member's statement, and if the hon. member wishes to make such an explanation I will give him the floor for that purpose.

[*Later:*]

Mr. Garland: May I address another question to the Minister of Labour. Apart from the 22 days of work per man in respect of the on-site and off-site figures used by the minister yesterday, is it reasonable to assume that the real unemployment figure in this country is 929,000?

Mr. Starr: No, it is not.

[*Later:*]

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, could I ask—

Mr. Speaker: The hon. member for Brome-Missisquoi (Mr. Grafftey) is having some difficulty obtaining the floor.

Mr. Grafftey: I would like to ask the Minister of Labour whether he can inform the house as to the number of days of work which will be provided by the winter works program.

Mr. Starr: I gave the answer to that question yesterday, Mr. Speaker.

Mr. Martin (Essex East): I would like to ask a supplementary question. How was the minister in a position to give that answer when the table which I have asked for has not been compiled?

Mr. Starr: The table the hon. member asked for had relation to the various projects, where they are located and other information about them. There are over 6,000 projects, and the hon. member will realize the amount of work entailed in the compilation of such a table.

Inquiries of the Ministry

WINTER WORKS PROGRAM—REQUEST FOR TABLING OF STATISTICS

On the orders of the day:

Hon. Paul Martin (Essex East): I should like to address a question to the Minister of Labour based on a question put by me on March 9 and again on March 15. On the former date I asked the minister if he would table the statistics indicating the extent of the provision for work and the number of projects in consequence of the winter works program. The minister replied that he would be able to do that very soon. Then on March 15 he assured me that he would table this information in the next day or so. I do not find it in the records. Can the minister give me an explanation?

Hon. Michael Starr (Minister of Labour): On checking the question asked by the hon. member for Essex East we found he wanted information to be given by localities. I was informed by the responsible section of the Department of Labour that it would take two weeks at least to compile the information on that basis. We have mobilized all our resources in that department in order to do this, but the figures will take about a week and a half to prepare. As soon as they are available I will inform the house.

GLEN EXELBY—INQUIRY AS TO EMPLOYMENT OPPORTUNITIES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, could I ask the Minister of Labour whether he is now in a position to answer the question of which he took notice yesterday, as to whether Mr. Exelby of Hamilton has yet been found a job by the national employment service.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the national employment service inform me that they are continuing their efforts on his behalf.

INCOME TAX

CHARITABLE DONATIONS—REPORTED CHECKING OF BOOKS OF ROMAN CATHOLIC PRESBYTERIES

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): I should like to address a question to the Minister of Finance or, in his absence, to his parliamentary secretary. Did the minister receive a few days ago a joint letter from several Catholic priests of the province of Quebec in connection with receipts for charitable donations and, if so, would he table this letter as well as a copy of his reply?

Inquiries of the Ministry

Mr. Richard A. Bell (Parliamentary Secretary to the Minister of Finance): I shall make inquiries, but I believe this is a matter which lies under the administrative jurisdiction of the Minister of National Revenue.

Mr. Deschatelets: Would the parliamentary secretary verify whether the letter was sent to the Minister of Finance?

Mr. Bell (Carleton): Yes, I shall make inquiries.

POWER

COLUMBIA RIVER—CONSIDERATION BY PARLIAMENT REGARDLESS OF B.C. AGREEMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Prime Minister whether, in view of the fact that the Senate of the United States has now ratified the Columbia river development plan almost by unanimous vote, we can expect that this treaty will be submitted to parliament shortly for consideration?

Right Hon. J. G. Diefenbaker (Prime Minister): I am sure Canadians as a whole will be very happy at the outcome of the proceedings in the United States. In so far as the latter part of the question is concerned, determination as to if and when the matter will be brought before this house should be made shortly after Easter.

[*Later:*]

Mr. Diefenbaker: Mr. Speaker, a moment ago in answer to a question regarding the Columbia river treaty I inadvertently said "if and when it will be submitted to parliament". I want to make it very clear that it will be submitted, but the date when it will be submitted still remains to be considered. I do not want any misunderstanding regarding my words in that connection.

Mr. Pearson: Mr. Speaker, I rather assumed that was a slip of the tongue by the Prime Minister. May I ask him whether the treaty will be submitted to this parliament for consideration irrespective of the negotiations with the province of British Columbia?

Mr. Diefenbaker: Mr. Speaker, we dealt with this on a previous occasion, and I have nothing further to add to what was said in that regard.

ROYAL CANADIAN AIR FORCE

MONCTON, N.B.—DISMISSAL OF CIVILIAN FIREFIGHTERS

On the orders of the day:

Mr. W. L. M. Creaghan (Westmorland): I wish to address a question to the Associate Minister of National Defence. Yesterday I received letters suggesting that certain civilian firefighters at No. 5 R.C.A.F. supply depot at Moncton would no longer be required. Today I received letters saying that 30 men had received notice that as of April 1 they would no longer be employed. Would the minister investigate the accuracy of these reports and, if they are correct, take steps to reverse the decision of his officials?

Hon. Pierre Sevigny (Associate Minister of National Defence): As a result of changing commitments the number of civilians required at a particular defence establishment may increase or decrease. The department's total requirements for civilian employees have been reduced during the past several years as a result of programs designed to increase efficiency.

The department attempts to carry out reductions of civilian staff resulting from changing requirements with a minimum of adverse effects on individuals. With this objective in mind, arrangements have been made to retain in employment during the winter months a number of employees whose positions will become redundant, and who would encounter difficulty in securing alternate employment if released during the winter months. The number of individuals in this category at the present time is approximately 250 of the more than 45,000 civilians employed by the Department of National Defence. The army and the R.C.A.F. employ approximately 900 civilians in the Calgary area. Of these, 16 are in positions that will shortly become redundant.

In answer to the second part of the hon. member's question, may I tell him that the complete question is at present under consideration by the officials of the Department of National Defence and the members of treasury board.

HOUSE OF COMMONS

INQUIRY AS TO DATES OF BY-ELECTIONS

On the orders of the day:

Mr. Frank Howard (Skeena): I wonder if I can address a question to the Prime Minister and ask him whether he is yet in a position to make an announcement about that matter which so greatly concerns the Leader of the Opposition and others, namely the announcement of by-election dates.

Right Hon. J. G. Diefenbaker (Prime Minister): No, Mr. Speaker.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO MEETING TO AMEND CONSTITUTION

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Minister of Justice if he is in a position to tell the house whether the provinces and the federal government will be meeting shortly to seek a formula for amending the Canadian constitution in Canada, particularly as a result of the initiative taken by the government of the province of Quebec.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, we were very glad indeed to find that the thinking of the government of the province of Quebec appeared to be in line, generally speaking, with the thinking of the majority of those who met in the course of this conference, which arose out of the initiative taken by the Prime Minister of Canada last year.

In reply to the specific question, I may say that as attorneys general it was our hope that it would not be necessary to have another meeting and that we had arrived at a proposal on which it was hoped general agreement might be reached to the effect that that proposal should be submitted to the governments of the provinces and the government of Canada for consideration, and in due course should be presented to the respective legislatures and parliament.

I have not yet heard from the attorneys general of the provinces whether in fact the proposal has been agreed to by their governments so that it will be recommended by them to their legislatures. It may be that another meeting will be necessary, but I still hope it will not.

[*Later:*]

Mr. Fulton: Mr. Speaker, I should like to say something in clarification of a remark I made in answer to the question asked by the hon. member for Essex East. As I recall it, I said I had not yet heard from the attorneys general of the provinces. That is not quite correct and would perhaps convey a wrong impression. I have heard from several, but with respect to at least two they said they were engaged in affairs of their legislative sessions and would not be able to let me have a definitive reply until a little later.

Mr. Martin (Essex East): May I ask a supplementary question. Does the minister know whether it is a fact that the attorney general of the province of Saskatchewan finds it difficult to accede to the proposal made by Mr. Gerin-Lajoie of Quebec?

Mr. Fulton: I do not think I understand the implication of that question, but even if I did I do not think it is the kind of question I should answer at this stage, because the discussions and negotiations are not yet completed.

Mr. Martin (Essex East): Since the minister has not fully understood my question may I ask—

Mr. Speaker: Is the hon. member asking a further supplementary question or presenting an argument?

Mr. Martin (Essex East): In view of the fact that the minister apparently did not understand my question I am trying to clarify it, Mr. Speaker.

Mr. Fulton: As I pointed out to the hon. member, even if I did understand his question it is not one that should be answered at this point, when negotiations are not yet complete.

Mr. Pickersgill: How can you say that when you do not understand the question?

Mr. Martin (Essex East): I simply wanted to know whether the government of the province of Saskatchewan appears to take the position that in the absence of any conference it would be unable to agree to the proposal for a specific formula to amend the constitution of Canada.

Mr. Fulton: I do not know upon what the hon. member is basing his assumption, Mr. Speaker, but I am afraid I must remind him that the discussions have been held in camera. We are hopeful of a satisfactory outcome, but I am not yet at liberty to disclose the position taken by the government of any province. If he wants an answer to that question he will have to ask it of the attorney general of Saskatchewan.

IMMIGRATION

GEORGE POWERS—STATEMENT ON PERMISSION TO REMAIN IN CANADA

On the orders of the day:

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): Mr. Speaker, on Wednesday last the following question was asked by the hon. member for Algoma West:

> Could the parliamentary secretary to the Minister of Citizenship and Immigration say for what reason the deportation of Mr. George Lee Powers was suspended?

I have been informed by immigration officials that Mr. Powers was permitted to remain in Canada under permit, in view of the relatively minor nature of the offence for which he had been convicted and as he had had no previous difficulty, had fairly

lengthy residence in Canada—more than three years—and was reasonably well established.

Mr. Frank Howard (Skeena): I wonder whether the same sort of courtesy will be extended to Mr. Chan?

Hon. J. W. Pickersgill (Bonavista-Twillingate): Does the parliamentary secretary think that a conviction for bootlegging is a relatively minor offence, whereas being of Chinese origin is not?

Mr. Speaker: Order. I think the hon. member in asking for information of that kind is debating the issue and not seeking further information.

FLOODS

BEAUCE COUNTY, QUE.—STATEMENT ON ASSISTANCE BY ARMY

Hon. Pierre Sevigny (Associate Minister of National Defence): Mr. Speaker, I wish for a brief moment to revert to motions in order to make a statement concerning flood conditions in Beauce county.

Mr. Speaker: The Associate Minister of National Defence asks for leave to revert to motions in order to make a statement concerning flood conditions in Beauce county. Has the associate minister leave of the house to make this statement?

Some hon. Members: Agreed.

Mr. Sevigny: Mr. Speaker, there are serious flood conditions in Beauce county, and as a result the Quebec provincial authorities have asked for the help of the army. This request has been granted, and 31 all ranks departed from Quebec on March 21 and arrived at Beauceville at approximately 11.40 hours. Blasting operations commenced in the area, and this work is continuing. The Department of National Defence will do everything in its power to help in this particularly distressed area because of these flood conditions.

(Translation):

Mr. Jean-Paul Racine (Beauce): Mr. Speaker, in view of the statement made by the Associate Minister of National Defence, I should like to ask him a question to which he may reply some time next week. Will the cost of the blasting be paid by the federal government or by the provincial government?

Mr. Sevigny: Mr. Speaker, may I ask the hon. member to speak in a louder voice, because I was unable to hear his question.

Mr. Racine: I shall repeat it with pleasure, Mr. Speaker. May I ask the Associate Minister of National Defence whether the cost of the dynamite and of blasting operations is to be paid by the federal government or by the provincial government?

Mr. Sevigny: Mr. Speaker, that is a rather technical question. It is my impression that the Royal Canadian Engineers personnel who were sent into the Beauce constituency to help in the emergency operations will pay their own expenses, but as I am not sure I shall inquire and let the hon. member for Beauce have the answer later.

(Text):

SUPPLY

INTERIM SUPPLY

The house resumed from Wednesday, March 22, consideration in committee of the following resolution—Mr. Fleming (Eglinton)—Mr. Rea in the chair:

That a sum not exceeding $638,909,350.10 being the aggregate of

(a) one sixth of the total of the amounts of the items set forth in the main estimates for the fiscal year ending March 31st, 1962, laid before the House of Commons at the present session of parliament, $614,823,482.50;

(b) one half of the amount of item 227 of the said estimates, $650,000.00;

(c) one third of the amount of item 38 of the said estimates, $233,333.34;

(d) one sixth of the total of the amounts of items 191, 198, 199, 271 and 307 of the said estimates, $2,038,429.67;

(e) one twelfth of the total of the amounts of items 63, 277, 370, 398, 456, 459, 464, and 469 of the said estimates, $21,164,104.59,

be granted to Her Majesty on account of the fiscal year ending March 31st, 1962.

Mr. Martin (Timmins): Mr. Chairman, it is not my intention to hold up this resolution for any length of time. However, there is one matter which I think should be given some consideration before we go any further. I refer to the situation in which our old age pensioners find themselves in this country today. On July 19, last session, I had occasion to raise this matter, but unfortunately no decision was reached at that time. The matter was discussed until eleven o'clock that night but no decision was reached. The outcome was that the business of the house was arranged in such a way that we had no further opportunity to discuss this question during the following month of that session.

I am not going into all the detail that was discussed last year on this matter. However, I think in all fairness we should review the situation, particularly in view of the considerable support that government members gave it that day. I made a check and found that the matter was supported to a lesser or greater degree by the hon. members for

Chapleau, Parry Sound-Muskoka, Restigouche-Madawaska, York-Humber, Simcoe East, the present minister of northern affairs, the hon. members for Regina City, Prince, Joliette-L'Assomption-Montcalm, Inverness-Richmond, Athabasca, St. James, Wetaskiwin, the present Minister of National Health and Welfare, and the hon. member for Montmagny-L'Islet.

Some 15 hon. members on the government side, including two cabinet ministers, supported this proposal to a lesser or greater degree. However, I am sorry to say that all hon. members were not in support of the matter which was raised at that time, and the debate ranged from the full support that was given by the hon. member for Restigouche-Madawaska, who is unfortunately no longer with us, to lesser support by other hon. members. I do not know whether the fact that the hon. member for Restigouche-Madawaska is no longer with us has anything to do with the position he took on that occasion. I was talking to him some two weeks ago and he informed me that this was definitely one of the reasons that he moved from the house. He said it was because he felt the government had failed totally, completely and absolutely to carry out any of the promises they had made during the election campaigns of 1957 and 1958.

I should like to quote very briefly from the words of the hon. member for Restigouche-Madawaska as they are reported on page 6507 of *Hansard* for July 19, 1960. In the first column of that page, near the middle of the column, the hon. member is reported as having said:

> I listened, as I said, very attentively to the representative of the C.C.F. group who introduced this amendment, as well as to the hon. member for Essex East. I could see nothing in what they said, with one possible exception, that was not in strict conformity with the solemn promises we officially made during the 1957 and 1958 elections.

Unfortunately some other hon. members did not agree completely with that and the debate ranged from a back-patting contest of saying how much the present government had done since they took over to an out and out condemnation of myself for raising this very embarrassing subject at that time.

I think it would be appropriate at this time to remind the committee once again, as I did last year, of just what is involved in this problem. I should like to quote from page 6521 of *Hansard* of July 19, 1960. I reminded the house of this matter last year, and I think this quotation is very appropriate. I am reported as having said:

> I hope we have not lost sight of the problem with which we are faced by reason of all the diversions I have listed. It is not the Liberal party of 1923 or the Conservative party of 1931 that is going to have to deal with the problems facing old age pensioners today. It is the members of the government and other members sitting in this house a few days before the end of the session who are going to have to decide if they are going to do anything for the old age pensioners other than utter kind words about them. We are going to have to make a decision before the end of the session so that the old age pensioners will know whether they are going to have to face another bleak winter before the government has another opportunity to do something for them.

That winter has come and gone and we do not seem any closer to solving this problem than we were when we debated it last on July 19 of last year. In spite of the kind words of many hon. members that day, and in spite of all the grand assurances of the 1957 and 1958 election campaigns, which were referred to by the former hon. member for Restigouche-Madawaska, the cold facts of the matter are that this government have been in office for almost four years and they have failed to take this problem into consideration.

Something else has developed over that four-year period. It is something we hear very much about in this house from time to time. I refer to the problem of unemployment. I should like to refer to that problem only to relate it to the present problem of our old age pensioners. In this respect, as our communities across the country face increasing unemployment and as more and more of the unemployed come on to their relief rolls, we find that the municipalities are less and less able to give consideration to the relief of old age pensioners.

There is another factor which I think should be brought to the attention of the committee, and that is the increase in the number of old age pensioners over the last four years. If we look in the Canada Year Book we find on page 315 that old age pensioners between the ages of 65 and 70 have been increasing at the rate of 1.1 per cent every two years. This means that over a four-year period there has been an increase of between 300,000 and 400,000 in the number of old age pensioners who are in so many cases trying to live solely on the miserable pittance of $55 a month.

We also find that the cost of living has steadily crept up since the last increase in pension rates was given. The cost of living rose from an index of 121.9 in 1957 to 129.6 at the time the latest figures were given, a substantial increase for people who are trying to live on that sort of money.

There are two or three other things which I think should be listed to drive home the nature of this problem. The subindex shelter figure has risen from 134.9 to 144.6, and shelter is something which, obviously, no old age pensioner can do without. The cost of household operation has climbed—not as much as some of the other things, but it has climbed

from 119.6 to 123.5. One of the most tragic things of all is the rapid increase in the cost of certain basic foodstuffs, and I should like to list two of the worst instances. Living on $55 a month, old age pensioners do not buy sirloin steaks; they have to look for the cheap cuts of meat. Yet we find that the index figure for the cost of stewing beef has risen from 52.6 to 140.5, an increase of 437 per cent, and the cost of hamburg from 37.9 to 123.7, an increase of 310 per cent.

Certainly this is something which the government must take into consideration and remedy. We find today that the prisoners in our federal penitentiaries, according to an answer given last year by the Minister of Justice to a question asked by the hon. member for Skeena, to be found on page 1386 of *Hansard* of February 23, 1960, cost $167.71 to maintain for a 31-day month. That is the difference, $167.71 for prisoners as against $55 for old age pensioners. If that is the free enterprise system the Prime Minister was talking about on television last week, it is a sorry picture. If it takes three times as much to maintain a prisoner in a penitentiary as the amount upon which we expect an old age pensioner to live, no wonder we have so many people in prisons under free enterprise systems. It is because they are treated better there than when they are outside.

Last year we heard so much about the amount of money involved in the resolution I moved. It was going to cost $200 million, and where was all that money to come from? Well, if the government have not got the answers to the problems which have to be met in our society, why do they offer themselves for the job? Where is the money coming from for the $1,250 million we spend every year on obsolete weapons? Where does the money come from for the $900 million interest a year it costs us to maintain our federal debt?

My point is that this government can do something when they want to do something, but it is very obvious, at least in connection with the difficulties of the old age pensioners, that they do not want to do anything. They shrug their shoulders and say "What can we do?" If they can do nothing it is time they got out and let somebody else try. Yet in the face of this problem we see the Prime Minister having the effrontery to go on television and pronounce pious platitudes about free enterprise versus socialism. It would be a joke if it were not such a tragedy.

Mr. McMillan: It is not our intention to hold up interim supply, but there is one aspect of the vote which should give cause for alarm to all members of this committee and, for that matter, to all Canadians. I refer to the extra public debt charges which are piling up at a very fast rate indeed.

At the end of the fiscal year about to start these extra charges since the present government came to power will amount to the staggering sum of $878.6 million, and most of this is for extra interest. This huge amount is arrived at by including the minister's estimate for these two years, that is for this fiscal year and the next fiscal year; and since the Minister of Finance has practically always been on the conservative side in his estimates as far as interest charges are concerned I have no reason to think that this staggering sum will be any less; in fact it is likely to be more.

So far we have not paid one cent of this extra interest nor are we likely to do so in the foreseeable future. The point is that we have borrowed this money, and this debt on account of these extra interest charges is snowballing at an alarming rate, particularly since it is being compounded every six months at a high rate. The hon. member from Carleton, the parliamentary secretary to the minister, tries to salve his conscience by talking about the per capita debt. All I can say is that Canadian babies are not being born fast enough to help spread the debt among them so as to give any weight to his argument.

Mr. Howard: The hon. member for Timmins has raised an extremely important subject matter and one which has, of course, been extremely important for many years, even in the years preceding the time the Liberal government was forced into establishing a system of pensions in 1925 and 1926; forced, I may say, because of the high principles of the socialists in the house at that time, under the late Mr. Woodsworth, a man for whom everyone in a position to judge had the highest regard, respect and admiration.

Even though the legislation in those days was totally inadequate from the point of view of the needs of our elderly citizens it was, nevertheless, a step along the road toward security for these people in their later years. It was primarily in 1925-26, in that period of time when there was a minority government, a matter of political consideration which the late Mr. King had in mind. This was one of the conditions on which he and his government could stay in office. The C.C.F. group in this chamber was then under the leadership of Mr. Woodsworth. We cherish the letter Mr. King wrote; in fact it is framed and hangs in Mr. Woodsworth's house.

Mr. Martin (Essex East): The fact that nothing is said should not be taken as acquiescence, because these are not the facts.

Mr. Howard: The hon. member should pay more attention to what are facts. We all know

his ability to twist facts so they no longer appear factual. The hon. member's many years of experience in the Liberal party enable him to do this effectively. The fact is that Mr. King introduced amendments to the old age pension legislation because of political considerations in order to have support to remain in office and—I am sure my hon. friend will not disagree with this—it was the old guard Tories in the Senate who turned it down. Surely the hon. member will not deny that that is a fact.

Mr. Martin (Essex East): That is the only part of the hon. member's statement with which I agree.

Mr. Howard: I am sure of that; none the less both statements are true and factual. It is an historic fact that political considerations have always been instrumental in the adjusting of old age pensions, fixing the amount and governing the regulations relating thereto. Political considerations relating to the 1949 federal election resulted in the establishment in 1950 of the joint committee on old age security. When the universal plan, as it is called, was instituted in 1951 and became effective in January 1952, it was primarily as a result of political considerations relating to the 1949 federal election.

The niggardly $6 increase introduced by the Liberal party coincided with the election of 1957. Again the old age pensioners were used as political footballs, but this time the technique backfired. The Conservatives with a different conscience from that which they displayed in 1925 and 1926 made promises in this regard, which incidentally have not been kept. When the Conservatives came into office old age pensions again became a political matter. A $9 increase was introduced in November of 1957 by the minority government, again coinciding with an election. The promises about pension increases have not been kept. Let me refer to a statement made at page 411 of *Hansard* of October 25, 1957. I quote from one on whom the hon. member for Essex East will look as an outstanding authority whose word could never be doubted. I propose to quote the hon. member for Essex East.

Mr. Martin (Essex East): A very high authority.

Mr. Howard: I am sure my hon. friend agrees with that statement. On that occasion the hon. gentleman quoted statements made by the present Prime Minister prior to the election. These are the words of the Prime Minister which the hon. member quoted:

> We believe the old age pension is inadequate. We intend, this September, to call together a parliament and there and then fix a fair and reasonable amount for the old age pensioners, indeed for the other pensioners, and also make provision for a formula whereby due alowance will be made in the future for the rising cost of living, providing that it continues.

The reference is to September of 1957. Of course the cost of living has continued to rise. Commenting on that statement the hon. member for Essex East said:

> That last provision was an essential part of the program.

The present Minister of National Health and Welfare then interjected, "That will be looked after", and following another statement by the hon. member for Essex East an unidentified hon. member interjected "Give us time". The Minister of National Health and Welfare said this matter would be looked after, but we have waited three and one half years and nothing has happened. Perhaps he has not had time to look after it. Old age citizens deserve dignified treatment and should not be treated as political footballs, as they have always been treated by the old line party governments over the years.

In the short session of 1957 the Conservatives took a different approach and employed another election gimmick, as a result of which we got the Clark report. That report has been in the hands of the minister for some years and is probably languishing in a dusty drawer in his desk. In response to our persistent inquiries the minister says he still has it under consideration.

Mr. Martin (Essex East): Study.

Mr. Howard: I venture to suggest the opinion that the minister, considering his great concern for political matters, will suddenly complete his study and come up with recommendations at a time that will coincide with the next general election, and again the old age pensioners will be used for political purposes. Our senior citizens have contributed greatly to the development and wealth of Canada over the years, and should not be treated in this shoddy manner.

A year ago I received some correspondence, as I am sure other hon. members did, from some senior citizens.

Mr. Chambers: Languishing in one of your dusty desk drawers?

Mr. Howard: I have a copy of a letter written to me under date of January 4, 1960 by the secretary of the federated legislative committee of the elder citizens' associations of Vancouver, enclosing a copy of a brief dated December 18, 1959 submitted to the Prime Minister and members of the cabinet. I shall not read all of the brief but it reads in part:

> We feel that the present pension of $55 should be increased to $80, at age 65 without a means test.

Since the last pension increase of $9 in 1957, many of our elder citizens were at once compelled to pay increased rents.

This is a fact. In the city of Vancouver rents went up immediately because of the increase in the pensions received by senior citizens. I continue:

The transport board at Ottawa—

I presume this is the board of transport commissioners, but the document refers to the transport board:

The transport board at Ottawa also permitted the B.C. Telephone Company to make two applications for increases in revenue within a period of six months in the same year, with the result that telephone rates in British Columbia were increased very substantially, and definitely meant a further hardship for the welfare of elderly people.

They make reference also to the so-called Clark report. This letter is dated December 18, 1959, and I use it only to substantiate the fact that the Minister of National Health and Welfare has lost the Clark report somewhere in the bottom of a dusty drawer. He might finish the study of it to coincide with the next election.

I continue with the next paragraph:

We looked forward with hope and anticipation—

The elderly citizens are talking to the government and the Prime Minister. I continue:

We looked forward with hope and anticipation for your government to establish their policy with respect to the Clark report. While this very important document was tabled in the House of Commons on March 5, 1959, we have not learned, or observed, any action being taken by your government with respect to this very important and expensive document.

These words are just as true today as they were on December 18, 1959. Since that time I am sure all hon. members and the government have received similar briefs, lettters and references from elderly citizens who are humbly requesting that the government take into account their needs and their requirements and forget about the political aspect of the matter.

In the first place, it took the socialist point of view, against the tremendous opposition of the Conservative party and the Liberal party —except when they found it was politically expedient—to bring about old age pensions. It took the socialist philosophy in the first place to get this federal parliament and government into the field of old age pensions in the 1920's.

Mr. Martin (Essex East): Ridiculous.

Mr. Howard: My hon. friend from Essex East says "ridiculous".

Mr. Martin (Essex East): It is.

[Mr. Howard.]

Mr. Howard: I would say to him with just as much force that he looks ridiculous in saying that factually true statements are ridiculous, even though he may want to prevent the country from knowing the truth about his party and how, like Moses, it also wandered for 40 years in the wilderness before it came up with a national health scheme. It was socialist philosophy that took into account the dignity that should be afforded to old people. It is regrettable to us that those—

Mr. Deschatelets: Your philosophy is gone with the wind.

Mr. Howard: My friend says that our philosophy is gone with the wind. There are no more windy opponents of our philosophy in this house than the hon. member for Essex East and his colleagues. All they do is talk, talk, talk, and no action is taken unless it happens to be politically expedient to do so. This is one of the things that Mackenzie King was noted for over the years. He was noted for being able to move just enough at election time to get re-elected. The late Mackenzie King has a great follower in the present Prime Minister, who wants to emulate him at every turn. Political expediency is the order of the day rather than social justice. The hon. member for Maisonneuve-Rosemont agrees that the present Prime Minister is so like the late Mr. King that—

Mr. Deschatelets: No.

Mr. Howard: Mr. Chairman, it is difficult enough to deal with the interjections and comments from the other side of the house without at the same time having to keep an eye on those behind me.

Mr. Deschatelets: Try to be accurate.

Mr. Howard: My hon. friend says "Try to be accurate". In so far as my references to the Liberal party are concerned I have never been more accurate. We regret very much, Mr. Chairman, that people in their later years, who have contributed their talents, skills and ability to build up this nation and make it what it is today, should have to endure in some third floor cold-water flat a sort of meagre starvation existence from a small pension granted to them with great gusto only at election time and only when it will have some bearing on how the individuals may vote in that particular election. This has been the history of the Liberals and Tories; it makes no difference. I said, so far as the old age pensioners were concerned, the order of the day was political expediency and not social justice. With this the socialist element disagrees entirely.

We would welcome at any time, Mr. Chairman, the opportunity to deal with the Conservative party on the basis of socialist principles versus the so-called free enterpriser. The so-called free enterprisers, the merchant trading classes, were not in favour of old age pensions and are still not in favour of them. They have come to accept them in the same way the Liberal party and the Conservative party finally came to accept them, as a matter of social right and social justice.

The Minister of Finance is not with us today, but I am sure that his parliamentary secretary is equally capable in the field of administration in the Department of Finance as the minister, perhaps even more so. I am sure that if the hon. member for Carleton had the portfolio in his hands he would not make the bungling errors that the Minister of Finance has made. With the ability of the hon. member for Carleton, the parliamentary secretary, his knowledge of and intimacy with the intricacies of the Department of Finance, and the cabinet, he should be able to explain to the house what is government policy on old age pensions, whether the government are going to come along with an increase, and whether they do not think it is long overdue. Three and a half years is a long time for people to exist on a $9 increase, which was eaten up the next day by rent increases, increases in telephone rates and in the cost of living, and the like.

Does the hon member not think it is time this message was carried to the members of the cabinet, two of whom are with us today? Does the hon. member not think it is time they sort of probed the depths of their conscience and looked back upon the promises they made in 1957 with regard to the cost of living and brought them into account? Do not wait until the next election, and then be accused of playing political football with our elderly citizens. Does the hon. member not think our elderly citizens deserve a bit more justice and a bit fairer treatment than have been accorded to them since 1926?

The Deputy Chairman: Shall the resolution carry?

Mr. Peters: Certainly this is too good an opportunity to miss. Unfortunately last year the C.C.F. were not able to get a vote on the motion of the hon. member for Skeena which would have forced the government to take a stand on this important matter of old age pensions.

I should like to refer to what I consider a disgusting situation. We are being asked to vote interim supply today. A great deal was said about our holding it up, and other things along that line, yet today we find the minister does not even do parliament the courtesy of being here. He said there was a great rush to have interim supply voted, yet the minister is not in the house.

Mr. Bell (Carleton): I am sure the hon. member wants to be fair. He knows and the committee knows that the Minister of Finance is on a very important mission in Victoria today.

Mr. Peters: I did not know that. If the minister was going to be away he should have had the courtesy to say so last night when the request was made to bring this legislation forward today. I think the Minister of Finance is vitally involved in this matter of old age security. I think the time has come for us to give further consideration to the method of making old age security payments and the method of raising the money for such payments. In my opinion this is a responsibility of the Minister of Finance, in conjunction with those other ministers having responsibility for health and welfare in this country.

It has been generally agreed that there is a limit to the amount of payments to old age pensioners under the method we are following, and it is also generally agreed that there will have to be some change in the pension plan we now have with respect to the basis of making payments to our old age pensioners. This was recognized by the Prime Minister when he appointed Dr. Clark to investigate the whole matter of pensions not only in Canada, but also in the United States and other countries throughout the world where there are much better social security schemes that provide greater benefits to old age pensioners.

The former minister of national health and welfare had something to say about this matter, and it was not surprising to us that he took exception to the statement that it was not his party that was interested in old age pensions in the first place. Old age pensions were provided because pressure was brought to bear. I hope the same kind of pressure will be brought to bear after the next election and will force a complete change in social security programs for the Canadian people. As the hon. member for Timmins said, in 1958-59 we paid $5.41 per person per day to maintain prisoners in federal penitentiaries, while at the same time we were only paying our old age pensioners $1.80 a day. It seems to me something is wrong when we are paying more to keep people in penal institutions than we are paying our old age pensioners for the service they have rendered to our country during their years of employment. In addition, if an old age pensioner wants hospital or medical care he must either pay

the premiums for such care out of his old age pension or be declared an indigent after signing a form setting forth that he is not able to make the necessary payments. By a means test he is then able to get medical and hospital care.

As I have said, this is a very opportune time to speak about this matter. There will shortly be an election. Old age pensioners have always been under the impression that the only time they can get an increase in their pensions is when there is an election, particularly so when the situation does not appear to be too favourable so far as the government in power is concerned. As we are going to have an election shortly, I think it is time the present government stated what they intend to do for the old age pensioners.

An hon. member says that it is time for a change, which is quite true. I suggest to the Canadian people that if they are going to make a change they should make a real one and elect a party that will do something about such matters as old age pensions; not on the basis of a hand-out but on the basis of the changing environment of our country, our changing needs and the changing attitude of our nation.

The Prime Minister received a petition from the national old age pensioners federation which reads as follows:

The national old age pensioners federation presents for your attention the following resolutions and respectfully requests that prompt and decisive action be taken by the federal government.

Whereas the high cost of necessities makes a decent, healthy living on the present pension impossible—in which the government appears to be in agreement—as shown by the raising of the civil servants' pensions, grants, wages, etc., thereby acknowledging the necessity but omitting the above group of senior citizens who have helped to make these raises possible.

The argument has been put forward that the country cannot afford to increase the pension, that in doing so the incentive for economy and thrift would be destroyed—this is not necessarily so, for every dollar paid out to these pensioners would be spent on goods and services, thereby creating a decent standard of living for the consumer. This is sound democracy and business economics which the federal government acknowledged in principle when the family allowance was established without any contributory scheme or means test.

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

Mr. Peters: After I have finished reading this presentation of the old age pensioners. I continue:

It would not be absolutely necessary to place added burden on the taxpayer. It could be just a matter of allotting more finances to help the great need of the senior citizens, who are entitled to a just and rightful reward for a lifetime of toil and hardship in building this country up to the high economic standard it now enjoys. With the wealth and rich resources of Canada these aged citizens should not have to be employed, as it would greatly enhance the opportunities for advancement and employment for the younger generation.

Therefore we respectfully request that immediate attention be given by the government to alleviate this chronic situation and that the following brief be given prompt consideration.

1. That federal action be taken to raise the pension to $75 per month payable without a means test to all citizens reaching the age of 65 years.

2. That we urge the federal government to set up a national health and medical scheme, to include mental institutions and tuberculosis sanitoriums.

3. That the government be requested to amend the regulations under the disabled persons allowance act to provide for payment of allowances to persons judged by a medical referee board to be physically incapable of gainful employment.

4. That we request the federal and provincial governments to amend the Old Age Security Act and the Old Age Assistance Act to provide that those receiving the pensions be allowed to reside wherever they choose with no limit of time and still be eligible to receive such pension.

5. That decent and appropriate housing facilities be made available to senior citizens by providing an adequate number of specially designed housing units and that special N.H.A. financing opportunities be made available to older citizens for the improvement of homes which they own and live in.

6. That municipal, provincial and federal authorities be called upon to initiate programs for the social needs and personal security of senior citizens, including counselling, guidance and rehabilitation services and the development of adequate recreation and education facilities and services.

7. To amend the Old Age Assistance Act to increase the allowable income to $2,000 for married pensioners and $1,600 for single pensioners.

Respectfully submitted,

National Old Age Pensioners Federation,
Nathan W. Medd, president.

Mr. Pickersgill: The question I was going to ask the hon. member is not as relevant now as it would have been at the time I rose to ask it. However, perhaps he would remind the committee what government was in office and what party was in power when family allowances were put on the statute books, and what government was in office and what party in power on the last occasion on which an increase was made in these benefits.

Mr. Peters: Unfortunately no changes have been made in the legislation since, so it remains to the credit of the Liberal party that they put it on the statute books. I would also point out that I believe the measures they introduced were strongly supported by the party to which I belong, because they had been advocating them for many years.

Mr. Pickersgill: Perhaps the hon. member would permit another question. Has he ever looked at *Hansard* at the time family allowances were first proposed to see how enthusiastic the support of the party to which he belongs was. Because it was not very enthusiastic.

Mr. Peters: I am not familiar with that, but I am of the opinion that the C.C.F. has at no time opposed anything that was of social advantage to the Canadian people. I think the family allowance was only introduced as an additional argument. The clergy have also been interested in this matter. In the Montreal *Gazette* of February 24, 1960 appeared an article headed "Father Ambrose Pleads for Elderly". This article reads in part as follows:

A need for increase of the old age pension was stressed last night by Rev. Patrick J. Ambrose, director of the Catholic welfare bureau, at the annual meeting of the organization.

More financial aid for private agencies, strengthening of family life by enforcement of juvenile and adult disciplines, elimination of substandard housing and controls of the abuse of alcohol were also called for by Father Ambrose.

Further along the article reads:

On pensions, Father Ambrose called for an increase to $75 a month from the present $55 (with a means test at 65 years of age and as a matter of social security at 70). "Present costs of living indicate that our recommendations are modest if elderly people are to live in frugal comfort. Even a pension such as recommended would not enable the dependent elderly person to have extra money for clothing, medical care and other essential needs," the director declared.

Dr. Clark was appointed to conduct a study into this matter, and according to an article appearing in the *Gazette* of March 6, 1959 reported that Canada cannot afford pensions on the scale of pensions in the United States. This is probably the reason the Conservatives have been so quiet about this matter. There has been very little said by them regarding what they intend to do about a long range solution to this problem.

I would like to read a letter which appeared in the *Northern News* of December 3, 1957, writen by a Conservative named Foster Rice. Mr. Rice wrote as follows:

Dear Sir,

In your issue of November 25, I was requested to state the policy of the Progressive Conservative party on the matter of pensions for miners.

I have not heard of pensions to miners or any other workers being included in the policies of any political party.

I would like to inform this committee that three political parties were asked to submit letters in this regard, and at least one did propose a national program for pensions. The letter continues as follows:

However, speaking recently in Toronto, Mr. Diefenbaker said "The concern of this government is for the welfare of the average Canadian."

The Progressive Conservative government realizes that manpower is becoming less and less essential as more and better machines are designed to do the job. In view of this they realize that not only must the work week become shorter in order to supply employment for all but the years one works must become less. Therefore, in order for all the people to enjoy the standard of living this country should warrant, more and more social measures must be put into effect. Certainly, pensions, not only for miners, but for everyone will in time become a must, so the sooner they can be arranged the better.

Sincerely,

Foster Rice,
Haileybury.

I presume that Mr. Rice had spoken to the Prime Minister. Mr. Rice is an honest man and was probably promised, as we all have been promised, many things by the Prime Minister including increased pensions, shorter hours of work and a shorter number of years of work during each individual's lifetime, but nothing has come of these promises as yet.

Members of the Liberal party today have made several interjections pointing out what they would have done, and perhaps some of those members will speak on this subject and bring out their suggestions. However, I am doubtful that they will. They have not said very much in this regard for a long time. I will read you what one Liberal senator had to say regarding pensions, as quoted in a news letter issued by the department of economic development, Canadian Chamber of Commerce, dated December, 1957. This article adds the following:

There is a vast reservoir of human experience and wisdom in the Senate of Canada.

I would quote other Liberal members as well if they had made any pronouncements in regard to this matter, but I have been unable to find any to date.

Mr. Martin (Essex East): What is the hon. member referring to now when he speaks of other Liberals not making pronouncements?

Mr. Peters: I am referring to old age pension increases.

Mr. Martin (Essex East): If the hon. member will take the trouble to look up the record he will find that many members of this party taking part in that debate did so because it is only natural in view of the fact that it has been the Liberal party that initiated whatever advances we have had in the field of old age pensions in this country.

Mr. Howard: Only after you were forced into it.

Mr. Peters: The last time this subject was brought to our attention was toward the end of the last session of parliament, and to the best of my personal knowledge there was no Liberal support given at that time.

Mr. Martin (Essex East): The hon. member need only look at the record to see.

Mr. Howard: It was only political expediency.

Mr. Peters: I am only stating now that our position is clear, and suggest that the

attitude of a number of other people regarding increases to old age pensions is not clear. The article to which I referred, appearing in the news letter, reads as follows:

On November 20th, the Honourable T. A. Crerar, participating in the debate on the speech from the throne had a good deal to say about the Old Age Security Act which has been amended to increase the amount of pension to $55 per month from the $46 at which it was left by the previous administration. Mr. Crerar points out that by 1957, a new theory respecting old age pensions has developed. The theory is not that a pension is to aid elderly people to sustain themselves in comfort, but that they are entitled as of right to an amount sufficient to maintain them in comfort even though they have no resources of their own. Mr. Crerar points out that if we accept the principle that old age security payments should be based not on the need of older folk nor as an aid "but on the assumption that they are entitled to it as a right" then the incentive of people to work and save for themselves during their working years will be in large measure destroyed.

"The problem as I see it," said Senator Crerar, "is that we are steadily eroding away the desire on the part of individual citizens to make provision for their old age." He pointed out that in his view at least 75 per cent of the Canadian people are good, decent, hard working citizens who desire, above everything else, good, honest, economical government. It is the other 25 per cent to whom Canada's public men have been paying the most attention in the last ten or 15 years.

Mr. Crerar pointed to the fact that in 1939 he had an insurance policy which matured and which he left where it was. At present, he pointed out, the proceeds of that insurance policy would buy less than half of what it would have bought in 1939. His point was that there has been a steady erosion of the saving that hundreds of thousands of our people made over the years. "If we go on with these heavy expenditures and run into deficits, as we are almost certain to do, the Minister of Finance will have to show these when he brings down another budget. At all costs we should avoid feeding the fires of inflation. Nothing is more important than maintaining the integrity of our money. It may be a nice thing to give a pension on the theory that, well, we are helping the old people, but it is not going to be of any great value within two or three years if the pension is worn and eroded away by the inflationary process."

Some hon. members may not agree that old age pensions are of prime importance, but it is our national pension scheme at the present time, and is the sum total of our national social security. It seems to me that it is the right of those individuals who have supported this country over the years to have a decent standard of living now.

I would like to place on the record a C.C.F. plan regarding pensions that was adopted at the national convention. This plan is as follows:

The C.C.F. believes that the present $55 flat rate old age pension is totally inadequate to accommodate the needs of Canada's senior citizens under the economic and social conditions in which we live today. Higher prices for food, clothing and shelter, the increase in living essentials brought about by the changed living conditions of today, underline all too clearly the inability of the present old age pension system to meet the requirements of our retired elderly citizens.

[Mr. Peters.]

The C.C.F. proposes:

A basic pension of $75 a month payable to all at age 65 without a means test;

A contributory old age insurance plan to provide pensions over and above the basic pension and thus prevent the drastic drop in living standards which many people now suffer on retirement. The main features of this plan are as follows:

1. It would provide the vast majority of Canadians with a pension of approximately one half of their income on retirement;

2. Contributions would be made by employees and employers, and the plan would be available to farmers and other self-employed people desiring coverage;

3. Contributions would be based on, and the pension would be related to, individual incomes up to a reasonable maximum;

4. Those now enlisted in existing superannuation schemes which meet the standards set by the national scheme would have the choice of remaining under those schemes or of transferring their equity to the national plan, and individuals could still insure for additional benefits under other pension plans;

5. Pensions would be available at age 65, but an individual would have the right to defer taking his pension if he continued to work and benefits would be adjusted upward accordingly;

6. In the case of death of the insured, benefits would be transferred to the surviving spouse, or children up to the age of 21;

7. The plan would enable persons to move from job to job without loss of pension rights and would help to avoid discrimination in the hiring of older workers;

8. Contributions into the national pension fund would provide one source of investment funds for carrying out public developments in Canada.

Mr. Chairman, two aspects of this matter are very important to the Canadian people. First, in this way we would establish a pension plan which would give the old age pensioner the right, not by gift or anything else, to receive a pension of $75 a month when he retires. Second, this plan would follow the social security schemes which are in use in most of the countries of Europe at the present time. It would allow an industrial employee to retire with a pension of at least half of the highest five-year average of his earnings during his working lifetime. This worker would be able to retire on a pension of half that income for the rest of his life. This plan would also provide a large fund, thus eliminating the problem that Canadian governments, both Liberal and Conservative, have faced in dealing with this matter.

I wish to refer to the action taken in connection with a booklet concerning vested pension rights. I think the action taken in this matter is a disgrace to the Canadian public. I refer to a publication that was presented to the Canadian people in 1954. This publication was issued by the income tax department of this country under the then minister of national revenue, and it concerned a pension plan under the Income Tax Act. This document is not in the library and it is not in the

Department of National Revenue. Why? The answer is that it was withdrawn. It was found it was going to cost International Nickel upwards of approximately $300 million to establish vested rights, and this was embarrassing to the previous government.

Mr. Nowlan: That statement is absolutely false and untrue.

Mr. Peters: Could I ask the minister in what respect it is false?

Mr. Nowlan: In every respect.

Mr. Peters: This document is not available in the Department of National Revenue or the public library. I received the document from an hon. member who was a member of this house a number of years ago. It was widely distributed, and I should be happy to give a copy to any hon. member who may wish one. The Conservative party say this is not true. In 1959 they issued information bulletin No. 14. This has also been withdrawn because it contains the same fault. It means that the companies will have to establish vesting rights, which they do not want to establish. The minister's department has informed me that the only way this will ever be accomplished is for a national fund to be established where the government will take the responsibility of maintaining the fund, holding the money and acting as the vesting agency for the pension plans.

These other plans have not been successful because we have not been willing to bring them under national control and devise a national pension plan. Until we are interested in doing this we will have to exist with individual plans worked out by individual companies where the vested rights run from full rights to no rights at all, no matter what is the length of the pension plan.

It seems to me that the Canadian people have now reached a sufficient state of maturity in the operation of pension plans that the plan I have outlined should be put into effect. There are thousands and thousands of cases where people are willing, capable and able to implement a completely national, portable pension plan which will take into account complete vested rights and give these rights to the Canadian people. These provisions would apply to all people, including wives who are not in a position to earn an income, those employed in industry or those who are self-employed. If a national pension plan were put into effect, payments would be made by these people on a contributory basis and we would finally establish a completely national pension plan that would have all the benefits of portability and all the benefits of a minimum basic pension.

Mr. Rapp: Mr. Chairman, it is not my intention to delay the passing of this interim supply motion. I have listened with great interest to the display of the C.C.F. group and their intentions. They say they are going to approach the whole problem of pensions. I come from the province of Saskatchewan. We have a socialist government in that province, and I should like to say that the provincial government are paying approximately 16,000 people supplementary payments in addition to their old age pension cheques.

The Deputy Chairman (Mr. Rea): Order. I must advise the hon. member that we are discussing federal payments and not provincial payments.

Mr. Rapp: Mr. Chairman, what I am saying is in relation to pensions. I should like to point out that the C.C.F. group is suggesting higher payments, and so on, to old age pensioners. I should like to put on record that our socialist government in Saskatchewan are paying to approximately 16,000 people amounts that range from $2.50 to $20 a month; 7,000 people receive only $2.50 per month.

Mr. Martin (Essex East): Lower supplementary payments than other provinces.

Mr. Rapp: Much lower. There are only 49 people who receive the full amount, namely $20 a month.

Mr. Pearson: This is socialism in action.

Mr. Rapp: I should also like to point out that only 1,261 people receive $5 a month in supplementary assistance.

The Deputy Chairman (Mr. Rea): Order. I must once again remind the hon. member that we are discussing interim supply here and not provincial payments.

Mr. Martin (Essex East): On the point of order, Mr. Chairman, surely the hon. gentleman is justified in making these remarks. We are having a discussion on old age pensions and the C.C.F. party has taken a particular position. The hon. member is now trying to show that in the case of the only socialist government, the only C.C.F. government, in this country the pension payments are of such and such an order. I should think that if it were justifiable for hon. gentlemen to take up most of the time this morning—and I do not complain about that—in discussing pensions, an hon. member from Saskatchewan who knows the situation and who can tell us what the C.C.F. government is doing there should not be denied that opportunity.

Mr. Fisher: Mr. Chairman, I should like to suggest that the point of order you have

raised is well taken. With regard to the point mentioned by the hon. member for Essex East, if we were discussing labour relations, for example, I am sure he would object most strongly if his party's position were taken as being that outlined by the provincial premier of Newfoundland. I think if you are consistent in one place you have to be consistent in another, and that your ruling should therefore be supported.

Mr. Pickersgill: A word on the point of order. This repudiation of the premier of Saskatchewan is most interesting.

Mr. Argue: No repudiation.

Mr. Pickersgill: But my hon. friend from Humboldt-Melfort, who does not take the time of the house very often and usually has something to say when he does, is seeking to reply to a line of argument which Your Honour did not interrupt when another hon. member followed it. Just the other day, because the Leader of the Opposition made some passing reference to a sad event which took place in this city last week, hon. members were permitted to reply to that, and I suggest that my hon. friend from Humboldt-Melfort should be treated in exactly the same way.

Mr. Argue: On that point of order—

The Deputy Chairman: The Chair has made up its mind. The Chair did not object to members talking about what certain parties did on a federal level, but the Chair does not wish to permit, and will not permit, the bringing in of provincial situations in this discussion. Hon. members can talk on the federal level as much as they wish, but not on the provincial level.

Mr. Martin (Essex East): May I speak on the point of order again? With great respect I suggest that Your Honour would wish to consider your ruling carefully. It is not possible to discuss old age pensions in this country without bringing in the provinces, because the old age assistance scheme depends on contributions made by the provincial governments as well as the federal government. We pay a large percentage of the cost of old age assistance. The provinces, including Saskatchewan, pay a minor part, and in respect to that scheme the provinces provide supplemental payments. All the hon. gentleman from Humboldt-Melfort is now doing is indicating that an analysis of supplemental payments paid by the provinces in western Canada shows that the supplemental allowances paid by the C.C.F. government in Saskatchewan are lower than those of any other western province.

[Mr. Fisher.]

Mr. Argue: On the point of order, the hon. member for Essex East has not only made a contribution on the point of order before you, Mr. Chairman, but he has endeavoured to challenge your ruling by speaking about the point of order after, I understood, that ruling had been made. I want to say that as far as I am concerned I would be quite happy if you would reverse your ruling and allow the hon. member for Humboldt-Melfort to continue giving the house very important information as to the supplemental payments made in Saskatchewan on a very wide basis. Then some of us could point out that the record of Liberal provincial governments is the worst in Canada and has always been that way. If a Liberal provincial government pays a supplement—and I am not aware that one does—it is certainly something which has been done in very recent days, because the Liberals have held the record for many years of being the only governments at the provincial level which never make supplementary payments. I think it would then be only fair to point out the important health benefits now being paid in Saskatchewan—

Some hon. Members: Order.

Mr. Argue: Senior citizens' housing, and so on.

The Deputy Chairman: The Chair is now more convinced than ever that the ruling made was correct. Shall the resolution carry?

An hon. Member: No.

The Deputy Chairman: The Leader of the Opposition.

Mr. Argue: If I could have the floor until one o'clock I should be obliged. I have another engagement at 2.30.

Mr. Pearson: Unfortunately I am not at all sure whether I can be here either. I shall try to arrange to be here for this important debate. However, because of the fact that hon. gentlemen to my right have taken up practically all the morning on this important issue—

Mr. Argue: We do not apologize for that. We are the people fighting for the pensioners. Just because the Liberal party has been asleep—

Mr. Pearson: That is another example of the normal approach of hon. members in that socialist group. They have, of course, arrogated to themselves exclusive interest in, and concern and credit for, everything that has been done in this country in this field.

Mr. Argue: Just the major things.

Mr. Pearson: That is their normal approach to matters of this kind. It is easy for them to take that approach because they have no expectation of ever being called to office and to a position where they would have to discharge in responsible action some of the words they utter in this house. That makes their statements not only exaggerated and unrealistic but very easy to make. They have been doing this for a long time over the years. We are accustomed to it, and we do not pay much attention to it.

Mr. Argue: That is why you landed where you are.

Mr. Pearson: The fact that hon. members of that group have again been expressing this attitude in words is perhaps the most important evidence that they are really not expecting to have to put into effect the words they utter.

Mr. Argue: I wonder if the Leader of the Opposition would permit me to ask a question.

Mr. Pearson: Yes, I think so, in view of the fact that the hon. member is unable to attend at 2.30.

Mr. Argue: Does the Leader of the Opposition not realize that one of the main reasons he sits on this side of the house was the failure of the former minister of finance, Mr. Walter Harris, to do more than provide an increase of $6 a month; consequently he became known as "Six-buck Walter"?

Mr. Pearson: One of the reasons only eight gentlemen sit in that corner is that the people of Canada saw through their wild and irresponsible statements. May I call it one o'clock?

Mr. Nowlan: In view of the fact that this is only interim supply and it was understood that some progress would be made, might I ask if there would be any objection to our continuing for five or ten minutes and completing our consideration of this matter? The discussion would indicate that this, perhaps, would be a natural procedure.

Mr. Pearson: We are quite agreeable to doing that.

Mr. Howard: Before we agree to some open ended thing, let us set five or ten minutes, otherwise we shall be here until 2.30.

Mr. Nowlan: If we could agree to spend another five or ten minutes on this—

Mr. Pearson: I am quite agreeable to concluding my remarks in ten minutes—

Some hon. Members: One o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Pearson: Mr. Chairman, at one o'clock I was dealing with some points made in connection with the pension matters raised by our hon. friends of the C.C.F. party, and I should like to say just a few more words on this subject. I do not intend to hold up this interim supply very long, but because this matter has been raised, and because of the terms in which it was raised, it is necessary for us to put ourselves on record in regard to such a vitally important matter as pensions.

The record of our party on this matter is not to be found so much in the words used in the House of Commons—though it may be found there, too—as in the legislation of this country over the last 25 years. That is more important than words.

I recognize that my hon. friend who preceded me attempted to point out—and this has been attempted many times—that the social security program which the Liberal party is proud to have carried out over the years had been forced on us. The answer to that rather ridiculous charge is to be found in the fact that this program was initiated long before there was a C.C.F. party in existence in this chamber. The hon. member for Timiskaming, of course, has attempted to disprove the record, and to throw some suspicion on our desire to continue this record and expand and enlarge it, by quoting from an hon. member of the Liberal party, namely Senator Crerar, who over the years has done a great deal for the party and for the country.

I have what I am sure the hon. member will consider to be an even more impressive authority to use against him in contradicting some of the things he said this morning because I could, if I so desired, use his own references to this matter last year when we were debating the principle of pensions and social security and when he said at that time, in contradiction to what he and his hon. friends have said this morning, that he was not wedded to any particular amount in regard to old age pensions and that he thought perhaps $75 a month at this time and in the present circumstances might be too high.

Those were the words used by the hon. member for Timiskaming when discussing this matter last year in this chamber, and if he reads *Hansard* of July 19, 1960 he will find a reference to that effect. I thought the hon. member at that time was adopting a very reasonable and responsible attitude reflecting a combination of economic reality and strong humanitarian considerations. It is that combination which characterizes the approach of the Liberal party to this question. We believe

and have always believed—and we have shown our belief in action—that humanitarian considerations are to be given first priority in the field of social security but that these must always be reconciled to fiscal and economic considerations as well.

Perhaps I may be permitted to quote from a distinguished authority in this field, namely myself when I spoke in a debate on this subject on July 19, 1960 as reported at page 6510 of *Hansard* of that year—

Mr. Nowlan: A natural modesty.

Mr. Pearson: —and when I said, referring to the Liberal party:

> We also recognize, while keeping in mind economic and fiscal considerations, that there are social considerations which are equally important, indeed more important, than fiscal considerations. We know that pension schemes and pension levels and social security programs generally can never be fixed but that they have to be adjusted and changes made as conditions in the country change.

That quotation indicates our position on this important matter. My hon. friends opposite in the Conservative party before and during elections have been lavish in promises in the field of social security and more specifically on the question of old age pensions. The Prime Minister is on record—and he has not as far as I know denied the record—as saying, and I quote from the statement he made on April 19, 1957, that "old age pensions should be high enough to meet needs".

That is an important and categorical statement. It would be very interesting if we had time—and I do not propose to take up the time of the committee to do it—to relate that categorical statement that pensions should be high enough to meet needs to what actually has been done by the government since it has had responsibility in the field of old age security.

In dealing with this point we think particularly of the Clark report. We think of the promises of the government to introduce with a minimum of delay a scheme of contributors pensions for old age security. We think particularly of the appointment after the election of a commission to look into this matter and we think of the Prime Minister's instructions to the first chairman of that commission to have his report ready in four months. The chairman of that commission, unable to do this kind of job within four months, resigned and so great was the haste in this matter he was succeeded at once by another chairman, Professor Clark, who did make a report on this very important question in March, 1959.

Since that time we have been unable to secure any information in this committee about the implementation of that report or the government's intentions in that regard except to get periodically, after questioning by my friend the hon. member for Essex East, a reply from the minister concerned to the effect that he is still studying the matter. The hon. gentleman has been studying the recommendations of this report since March, 1959.

Mr. Pickersgill: He is a very studious fellow.

Mr. Pearson: So much, then, for the progress made by the government in implementing its own promises in this field.

The position of the Liberal party on this matter has been made clear in this chamber on many occasions. It was made clear in the debate which took place on July 19, 1960. I do not think I can do better than put on the record the motion we moved at that time because it established our position then and it is our position today. This particular amendment to the motion to go into supply was repudiated, rejected and turned down by the majority in this house. Our amendment, which is found at page 6511 of *Hansard*, of 1960 reads as follows:

> That in the opinion of this house the government should give consideration to the advisability of introducing legislation to provide, in co-operation with the provinces, for increases in the old age pensions to meet special hardships endured by the recipients of old age security and old age assistance; to extend old age assistance to unmarried women and widows at 60 years of age; for the vesting of benefits in industrial pensions plans; and for a national contributory pension scheme, co-ordinated with existing provisions for retirement and old age security based on federal government contributions, as well as on contributions of employees, employers, and self-employed.

This is definite and concrete, Mr. Chairman. I think it is a very progressive program in this field. We have laid the program down in the House of Commons. It has been rejected in the House of Commons by the government, but it remains our position. I do not think I need detain the committee any longer, except to repeat that this program remains our position in this field.

Mr. Argue: We in the C.C.F.-New Party group have initiated this debate because we take the position that old age pensions are too low today and are a disgrace to the country; they should be increased. We have not had any reply from the government. We should like to have a reply as to their policy and what they intend to do about old age pensions because certainly it has beeen made crystal clear to the country that the Conservative party understands that old age pensions are too low but it has not yet decided to do anything about them. We would certainly be interested in learning of their stand.

We think that the problem of old age pensions falls into two categories. First of all, there is need for an immediate increase in the pension that is now paid, one that will overcome some of the hardships that undoubtedly exist among old age pensioners in our country. Second, we believe a comprehensive social security system should be introduced to provide for retirement pensions based on the general average income and standard of living of Canadian people. We think that if such an old age security system were put into effect immediately it would have the advantage not only of providing much needed assistance to people on retirement but would do a great deal to stimulate the purchasing power of the Canadian nation. We suggest that such a plan is sound in every respect and that those people who are working today, those who are self-employed in small businesses and farmers should be permitted to pay into such a plan during the period of their income, and that at the retirement age they should receive a pension in keeping with the standard of living of other Canadians.

We believe that such a scheme should receive contributions from the ordinary citizen, the employee and the self-employed person. Contributions should be made by the employer—that is, by industry—and there should be contributions by the federal government. From contributions made to such a plan on a three-way basis would come the funds from which an adequate pension should be paid. I see no reason why such a plan could not pay to the beneficiaries concerned pensions of $100 to $200 a month. This would certainly not be high in relation to the average national income of the country. It should be sufficiently high so that the people who retire could look forward to a standard of living that was at least from 50 per cent to 75 per cent of the general income standards of working Canadians.

We think the time has come when further action should be taken in the social security field by providing increases in family allowances. After all, the family allowance legislation has been on the statute books since 1944. There has been a tremendous increase in the cost of living since that time. The index has risen from 75 to 126. To restore the purchasing power of the family allowance cheque, to say nothing about adding to its real value, would require an increase in the first category of payment of $6 a month to $10 a month, and in the category of $8 a month to $13 a month. Once the Canadian nation has decided that a given social security system shall be provided—in this instance, of family allowances it was decided back in 1944—parliament should not allow inflation to eat away and tear down the value of such payments. I repeat, to restore the value of family allowances increases of this size would be required. I think that initially family allowance legislation was on a sound basis. Its purpose was to enable the parents of families to be better able to care for their needs, and this is the kind of program that is of benefit to the Canadian nation as a whole. This change, together with the old age security system that I have been speaking about, would provide a vast improvement in our present social security legislation.

There is a crying need for a system of portable pensions in Canada. After all, the present system or lack of system whereby certain pensions are provided by certain industries—and the pensions vary from industry to industry and are tied to an industry—means that a person in middle life is very reluctant to transfer his employment even if he is certain that at that time he would get a definite increase in income. He is reluctant because very often he loses his pension rights. To a certain degree we have tied or bound employees to industries which provide pensions. By allowing this system to grow up without an over-all social security plan we have contributed to the immobility of labour because, if persons should decide to make a transfer, they have to suffer a very severe loss in their pension rights. To overcome these difficulties we are suggesting now that there should be such an old age security system.

We have listened with a great deal of interest to the Leader of the Opposition. He says his policy this year is the same as it was last year. You can read the policy of last year but you cannot tell what it means. They would have an increase for special hardship cases. They would put a means test on the existing means test where it exists.

Mr. Martin (Essex East): He did not say anything about that.

Mr. Argue: They say special hardship cases can have another blood test. They would put them through the wringer. It took the members of the C.C.F. party in this house, fighting day in and day out over a long period of time, finally to convince the government of the day that they should, at least in a partial way, do away with the iniquitous means test. Apparently once again the Leader of the Opposition would impose the means test in what he calls special hardship cases. I have in my hand the evidence taken before the joint committee on old age security in 1950. At that time a very important witness had this to say about the scheme as it was then

projected and the methods of financing it. I quote from page 1038 of the proceedings:

In conclusion, then, it seems evident that the tripartite scheme of financial social security—

The one we have.

—apart from its unethical nature, is in conflict with our post-war objectives of full employment.

That was a head-on assault against the Liberal scheme of the day. It was called a tripartite scheme of financial social security that was inadequate in nature and in conflict with our post-war objectives of full employment.

Mr. Pickersgill: Who was that? Was it the Minister of Finance?

Mr. Argue: The man who made that statement was none other than Mr. Maurice Lamontagne, professor of social economics, faculty of social science, Laval University, who since has gone to his reward and has been given the very eminent position of chief adviser to the official opposition.

An hon. Member: A great man.

Mr. Argue: Somebody among the Liberals says "a great man". That was certainly some advice. We would like to know from the Leader of the Opposition today if it is the stand of the Liberal party that the scheme introduced by that party was of an unethical nature, did not fit into the general scheme of our future fiscal policy and was in conflict with our postwar objectives of full employment. I do not know whether the money being raised in this unfair, unethical and discriminatory manner is a reason that has contributed finally to widespread unemployment. It would be very interesting to know Mr. Lamontagne's views on that question.

We have heard from the Leader of the Opposition and they have no policy. Our position today is clear that there should be an increase of $20 a month in old age pensions. Just a few days ago representatives from the city of Toronto came to Ottawa to ask that such an increase be provided. They pointed out to the federal government that people who have to exist on $55 a month and pay rent out of that sum are suffering from malnutrition and starvation in a very real sense.

We suggest that now is the time for action. Now is the time for the government to provide an increase in old age pensions. We are putting this suggestion forward before the mother budget is brought down at this session in the hope that there will be some reference in it to this very important issue. There is no question that the government realizes that there is a need. Here is the Clark report. The government knows that something should be done about the old age security system. They established a royal commission and they have been studying the report of the commission for two years. One can only wonder whether the government are going to act or whether they are going to set up another royal commission to study the Clark report. I hear that is what is going to happen with respect to the railway issue. I hear that there is going to be a royal commission to look into the report of the conciliation board. I hope the government is not going to set up another royal commission to examine Robert M. Clark's report.

We are taking the opportunity at this time to raise by way of grievance a subject that we think is of great national importance and of great urgency. We are very much disappointed that we have not received assistance and support from the Liberal party in the simple, basic proposition that now is the time for an increase of $20 a month in old age pensions.

Mr. Martin (Essex East): Mr. Chairman, the speech by the hon. member for Assiniboia to which we have just listened cannot be regarded as the most lucid statement he has made in this chamber. It was indeed very difficult to follow the hon. member as he moved with such uncertainty from subject to subject. He did not give evidence of an appreciation of his subject, as one would have thought would be the case of a man and a party with such pretensions to protagonism for legislation in the field of social welfare. Indeed, the background to what he has said was provided this morning by the hon. member for Humboldt-Melfort who pointed out what the record is in the field of old age assistance in the only province with a C.C.F. government.

Mr. Argue: Excellent.

Mr. Martin (Essex East): So far as supplementary old age assistance payments by the provinces are concerned the fact is that the contribution of the C.C.F. government in Saskatchewan is less than that of any other western province.

Mr. Argue: And more than any Liberal province.

Mr. Martin (Essex East): The way for any political party to show the good faith it attaches to its proposals is to indicate what it has done whenever that particular philosophy has been given an opportunity to produce. The hon. member in attacking the Leader of the Opposition today neglected to recall that whatever social security program we have in this country was placed on the statute books by a Liberal government. We owe the old age pensions of 1925 and the

eight different amendments since that date, with the exception of the amendment brought in by the present government three years ago—

Mr. Pickersgill: Between two elections.

Mr. Martin (Essex East): —to Liberal governments. We owe the establishment of old age assistance, blindness allowances, disability pensions, unemployment insurance, the veterans charter, hospital insurance and family allowances to governments that were Liberal in character, notably the governments of Mr. Mackenzie King and Mr. St. Laurent. Notwithstanding what the hon. member who has just spoken has said, the fact is that every single act of social welfare in this country on federal account has been placed there by Liberal governments. When we went out of office in 1957—

Mr. Howard: The best thing that ever happened.

Mr. Brassard (Lapointe): It will never happen to you because you will never have the opportunity to govern.

Mr. Martin (Essex East): —we had produced a social welfare program which in its total dollar value represented a greater total percentage of the national budget than that of any other country in the western world save one. When hon. gentlemen talk about their protagonism for social welfare, let them not forget, as the Leader of the Opposition reminded us this morning, their hesitancy in the matter of family allowances. No one denies that Mr. J. S. Woodsworth was a great humanitarian. I sat with him in this house and knew him as well as any hon. member in the house. But that does not mean that because he had generous social views he is to be regarded, having sat in the opposition, as the author of any of these plans.

The fact is that when family allowances were first proposed in the industrial relations committee around 1926 Mr. Woodsworth was opposed to the concept. That is a matter of record. It is not to be forgotten too, of course, that the members of the Conservative party were opposed to the proposal of a system of family allowances.

Mr. Pickersgill: A political bribe, they called it.

Mr. Martin (Essex East): By a former leader of the party and one-time premier of Ontario it was referred to as a political bribe. So when hon. gentlemen talk about their views on social welfare, and when members of the government consider the contributions they have made in that field, and notably when one takes into account the kind of speech made by the Prime Minister last Friday at the Tory conclave, one can say that only by one's accomplishments can one appropriately be judged. In Canada it is the Liberal party which will lead the way in the field of responsible social reform in this country. The record is there to show this.

One can enter into competition as to what amount the pension should be. I think it is regrettable in our public life for any political party—men who have never held office but who look for the opportunity to do so—to promote a competitive race in the promotion of social benefits. I say that any political party that wants to be entrusted with the confidence of the Canadian people must demonstrate in its advocacy of particular social measures that it has a responsible appreciation of all that is involved. That is something that I regret I cannot say, has been done, having listened to the speech just made by the member for Assiniboia who aspires to be prime minister of this country.

As the Leader of the Opposition pointed out today, the fact is, that the Liberal party, having this record in the field of social welfare, recognizes that, with the existence and emergence of new problems in our industrial society, modifications have to be made, and increases have to be provided for in social benefits and in the field of old age pensions, family allowances and disability pensions; that new schemes have to be embarked on to meet new situations as they arise, and that these can be met possibly in the light of the nation's capacity to meet those obligations. One should not forget that all of these measures have to be provided for out of one source only; and that source, of course, is the hard work of the Canadian people. With that consideration in mind the Liberal party has put forward, as the Leader of the Opposition has reminded us, the program of the 1958 convention which continues to represent our position. The leader of the C.C.F. party failed to note what the Leader of the Opposition has said in that regard.

First of all, as to a further step in the implementation of health insurance against the hazards which can be provided for by medical care insurance, we do not believe that we should deal with this matter by way of a royal commission. Indeed, if we were going to do this by way of a royal commission we would not have taken three months to announce the personnel of it. The government announced the royal commission in the middle of November. All we have had from the Prime Minister or the government is the designation of a chairman, and no further progress has been made. One is left in doubt as to when this royal commission is going to be finally selected and when it is going to begin its operations.

We also believe in extending unemployment insurance because of illness. We believe in the expansion of pensions for disabled persons to include the partially disabled. As the Leader of the Opposition pointed out, we believe in the extension of old age assistance to unmarried women and widows 60 years of age. We believe in the improvement of family allowances with special reference to family allowances to students until they have attained the age of 18 years. We believe in the introduction of new pension plans with provisions for early vesting of benefits so that if an employee changes his employment he will retain the advantage of pension contributions previously made by him and his employer, so that in effect the pension follows the man. The leader of the C.C.F. party is by no means the spokesman for the only group that believes in portable pensions. Because the provinces have jurisdiction in this matter, I would call my hon. friend's attention to the lead of the Ontario Liberal party with regard to portable pensions.

Finally, as the Leader of the Opposition pointed out, we believe in the immediate consideration of a national contributory pension scheme co-ordinated with the existing provisions for retirement of old age security, the pensions to begin at age 65 and based upon the federal government contributions as well as contributions of employees, employers and the self-employed.

I doubt very much if the hon. member for Assiniboia appreciated fully what he was talking about when he referred to a contributory plan. He first of all confused it with a means test. He gave one the impression that he had that uncertainty of touch in this field that he sometimes alleges I have in another one. I can only say this with regard to this scheme. Having in mind the fact that we now have a universal system, and having in mind the fact that the federal government of the day in 1951 embarked upon the only universal old age security system to be found anywhere, we believe the time now has arrived when, in the light of experience and practice in the United States, we might well give consideration to supplementing our existing universal system with a scheme of contributory pensions that will provide for amounts relating to the contribution that will far exceed anything like the present basic amount of the old age pension. I think it is important that we should understand what this scheme is. It is because the hon. member for Assiniboia obviously does not understand that I feel I should like to say something about this today.

[Mr. Martin (Essex East).]

First of all, as the Leader of the Opposition reminded us, the government did promise the Canadian people in 1958 that we were going to have a scheme of old age pensions based upon a full contributory principle, along the lines generally known to apply in the United States. The fact is that since the election the Minister of National Health and Welfare, who does not take part in this debate, has had in his control the recommendations and the assessment of this problem by Professor Clark, but the government refuses to give the house any indication of what its intentions are. The minister said only ten days ago, in answer to a question of mine, that he was continuing to study the Clark report. I called his attention to the fact that last June he told me that he had completed his study, but that the government had not yet decided upon a course of action based on that study and the recommendations which he would, at some stage, make to his colleagues. In the absence of action there can be no justification for the government of the day having authorized the expenditure of money that went into producing this report, and there can be no justification for the Minister of National Health and Welfare, or for the Prime Minister not telling this house what the government policy is with regard to the adoption in Canada of a system similar to the old age survivors security system in the United States. Last Friday the Prime Minister promised that at the appropriate moment something would be done about pensions. What is the appropriate moment? Is the Prime Minister waiting until the eve of an election before announcing this? Is he hoping once again, notwithstanding the admitted need that now exists, to take advantage, during the course of an election, of a proposal in this field in order to enhance his own political position and that of his party? If that is the course being taken by the Prime Minister, I say that it is not a proper course, because if there was need in 1958 that need certainly exists today.

I should like to ask the Minister of National Health and Welfare, who is not here today, what decision the government has arrived at and what decision the Minister of National Health and Welfare has arrived at. Is the minister now satisfied that the suggestion in the Clark report, that this would be too costly a scheme for Canada, really represents the government's policy? That is not the position this party takes.

It is to be noted that the proposal put forward and referred to today by the Leader of the Opposition is one that goes further than the old age security contributory system in the United States. That system in the United States is based exclusively on contributions from employee and employer. No

government contribution whatsoever is made under that system in the United States. However, because of our regard for the existing need we have included in our proposal contributions from the federal government also.

This problem of providing assistance for our senior citizens is one of the great problems facing us. Almost one million people in Canada, out of our 18 million people, are 70 years of age and over. Almost one million people are now in receipt of old age security universal pensions. Some 300,000 people between the ages of 65 and 70 are receiving old age assistance. Our population is ageing, and what is now a great problem in terms of numbers will continue to be a challenging problem. There is great need in the case of many of our people. This is one of the problems of this industrial age in which we live. We can meet it out of the present universal system by adding to the present cost of something like $600 million almost twice that amount in less than a decade.

Because of this consideration I think we must recognize the inevitability of superimposing on the existing old age universal system something that is in principle not unlike the system in the United States. I suggest that the government has been remiss in waiting all this time to take the house into its confidence with regard to its view on what should be done about the facts elicited in the Clark report. The government is certainly treating parliament with great disrespect and it is treating the people of Canada with very little respect when it causes a report to be prepared during the course of an election and keeps it under cover for two and a half years, giving no indication whatsoever as to what it proposes to do with it except to hint at political rallies what it might do as the time approaches for holding an election.

I think that for the Prime Minister and this government to play with the old people of our country in this way indicates the real concern the government has for their plight, particularly when we bear in mind what the Prime Minister said on February 12, 1958. This is what the present Prime Minister said, as reported in the *Globe and Mail* of February 13, 1958:

> —Mr. Diefenbaker took his social security program one significant step further. Until now he has promised only a study of the U.S. social security system.
>
> Tonight, he pledged: "We will bring about in Canada a rounded and effective contributory social security plan over and above—and I emphasize this—that which already exists".
>
> Such a plan would provide Canadians with social security payments in addition to the $55 now paid under the old age pension plan.
>
> Referring to the report his government has ordered, he said he had asked that it be made within the next few months so the government would be in a position to have parliament consider the expanded plan.

That was during the course of an election campaign. The Prime Minister led the people of Canada to believe that if they elected this government we would have in this country a system of old age security based upon and similar to the contributory system existing in the United States. That is what those words imply.

The article in the *Globe and Mail* continues:

> He reviewed the social security accomplishments of the past few months—

The Prime Minister gave the impression that all the existing social welfare laws had been placed upon the statute books of this country by a Conservative government. Except in debate, we have no way of trying to persuade the government to fulfil its assurances. We have no way of trying to bring home to the government the importance of implementing its assurances other than by debate in this house. We cannot force the government to reply, but the Minister of National Health and Welfare should be replying to these questions today. The Prime Minister, who made these assurances, ought to reply to this matter today.

Mr. Nowlan: Nonsense.

Mr. Martin (Essex East): Someone says "Nonsense". I say that under our parliamentary system, when a prime minister goes to the people and makes a promise, he ought to indicate to the Canadian people and to parliament, certainly three years afterwards, why he has not implemented that promise.

Mr. Pearson: A second-class promise.

Mr. Martin (Essex East): My hon. friend has said it is nonsense. Where is the Minister of National Health and Welfare? Why is he not here now to tell us exactly the results of the study that has been made with regard to this problem and this program that was projected before the Canadian people in the last federal election campaign?

Mr. Pickersgill: It was just an election promise.

Mr. Martin (Essex East): We have not been able to persuade the government to make any definite decision one way or the other in this field. I think we ought to clearly affirm, when the opportunity is given, our criticism of the government for not coming to any decision and that we ought to restate what we have done. We should again state our objectives in the field of social welfare.

We have stated our objectives today in the speech of the Leader of the Opposition. We

may not be able to realize all those objectives at once. These programs are very far-reaching in their consequences as related to situations which exist at the moment. If the Prime Minister had taken that kind of attitude during the election campaign and had said, "This is our objective; this is something we hope to do", that would have been understandable; but he should not have said, "This is something we are going to do very shortly", which I suggest is indicated in his statement. If the Prime Minister had said that, one would not have the same criticism to make.

The other day the mayor of Toronto came to this city to see the Minister of National Health and Welfare. The minister was quoted as saying that the kind of consideration being given to this question would involve the application of a system based upon eligibility, which in turn would be based upon need. That is nothing more than a means test. It should not be forgotten that in 1951 parliament decided to bring in a universal old age security system without a means test. It is interesting to note that the recommendation for that policy was made by a parliamentary committee whose chairman at that time was the present premier of the province of Quebec, Mr. Jean Lesage.

Parliament and the government accepted this report. I think it would be very difficult for the government to embark upon a new system that ran contrary to the attempt to eliminate a means test in the application of old age pensions in this country. If the government feels it cannot provide an extension to the existing universal system, then the provinces and the federal government ought to give consideration to the fact that something must be done immediately to meet the kind of case which was presented to the government by the mayor of Toronto. That could be done by the federal government in the interim along with the provinces. But over the long term, and as a basic program, I think we must recognize that it is desirable to adopt in this country the features of the old age survivor system in the United States, based, as it is, on a system of contributions from pensioners and employers with added contributions from the state.

If contributions from the state are not provided we shall encounter the same experience as that which was encountered in the United States when the scheme was first established there. It took 18 years before any real benefits were paid at all under the old age security system as conceived in the United States some 22 years ago. If we are to provide a system which gives immediate benefit to the people who will have made contributions, the only way in which that could be done would be by adopting the course we pursue in the case of unemployment insurance where one third of the contribution is paid by the state.

In this industrial age there is no other course open to us than to provide these social welfare measures. Some call this welfare capitalism; some call this the welfare state; some call it a negation of the system of free enterprise. I prefer to recognize what has happened in the last half century. I prefer to recognize that our society has changed. It has changed gradually, and I hope it will continue to change gradually and under responsible direction. But our system cannot be maintained unless we recognize that in our effort to provide the maximum amount of private initiative, we must take provision at the same time for those classes in our community who do not have the necessary means in order to qualify for the assistance now made available in one form or another.

When we look at our heavy roll of unemployed today we might well ask ourselves: where would we be but for some of the social measures we brought in? Where would we be but for unemployment insurance? Well do I remember the criticism made of the Liberal government when it introduced unemployment insurance in 1941 and the suggestion that we were embarking on a form of state paternalism which would cause this country to become bankrupt. The same kind of criticism was levelled against Mr. Mackenzie King in 1925 when he introduced a system of old age pensions, only to have it turned down by a majority in the Senate which happened in that year to be made up for the most part of supporters of the Conservative party. The situation was the same when family allowances were introduced. It was said in criticism that we had become socialists, and that we had destroyed the private enterprise system. Let me say this to the Prime Minister and his colleagues on the benches opposite. The issue in the next election will not be the kind of issue he envisages. It will be the incompetence of this government and its failure to carry out its promises compared with the record which the Liberal government, when it was entrusted with office, was able to build up for the Canadian people and which included the provision of family allowances as well as these other social measures. Family allowances now provide almost three million families representing nearly 6,500,000 children every month with assistance in filling the gap between what a parent earns and what is needed to maintain these dependent children properly.

I have been aroused into making this speech by the suggestions of the hon. member for Assiniboia who holds himself up as the

only one who is interested in these matters, though the fact is that the Liberal party has led the way. The man who sits on my left is the leader of the party which has been first in the field of social welfare in Canada and the only party in this house which can legitimately criticize this government for having failed to carry out promises which greatly assisted it in being placed where it now sits, Mr. Chairman, to your right, but it will be for only a short time.

Mr. Howard: I have one or two comments to make and I wish to attach some of them to the glowing tribute which the hon. member for Essex East paid himself a moment ago.

An hon. Member: It is only what he deserves.

Mr. Howard: It is twice as much as he will get. After listening to the hon. gentleman I came to the conclusion that anyone who was present in this house during the time he was minister would be reminded of his speeches then, because he has just made precisely the kind of speech he used to make when he sat on the treasury benches. It is an excellent indication of why he failed to be successful in his attempt at the national Liberal conclave in the winter of 1958—

An hon. Member: Superman.

Mr. Howard: Did you call him a superman?

An hon. Member: I was talking about you.

Mr. Howard: You should not talk about me in that way. I think it is regrettable indeed that the Liberal party, which sets itself up as the only one in a position legitimately to criticize the government in office, should be at the same time opposed to an increase in the old age pension to the amount we have suggested.

Mr. Martin (Essex East): On a point of order, the hon. member has no right to misrepresent the opposition. What the Leader of the Opposition and I have indicated is that we are in favour of increases for the old age pensioners of this country.

Mr. Howard: But without the courage to mention a figure.

Mr. Pearson: With enough responsibility not to do so.

Mr. Howard: Fence sitters. He and his colleagues want to keep out of any controversy. A six-dollar party is what they were in 1957 and they are still a six-dollar party. They are afraid to come out and mention any figure at all because they will then be in the happy position of being able to agree with anybody about any suggested increase. They should know full well, having sat in office for so long, that it is necessary to establish a particular figure, even though that figure may be an arbitrary one, and to campaign for that figure or nothing will be done.

I did not participate in this movement because of age, but much of the progress which has been made in the provision of social welfare measures has been due to the stand taken in this house by members and former members of the C.C.F. party. One of the reasons we have a degree of social security today is that members of the C.C.F. had the courage to go out into the country against the objections of Liberals and Conservatives and other reactionary groups in the nation and campaign for a particular figure. They had the courage to demand increases in pensions, and adjustments in administration and to ask for a national health plan. They rallied support in the nation for these things. It is because of the courage of people like J. S. Woodsworth, Stanley Knowles, and Alistair Stewart that the Liberal party in office was forced into the position of having to put these increases and improvements into effect.

When the hon. member for Essex East spoke in glowing terms about what he and his party had accomplished in the past he was doing nothing more than apologizing for the lack of action on the part of the Liberal administration over the years. It is an indication of the right wing of the Liberal party coming up. Those people who have their roots in Newfoundland and support that element in the Liberal party are the ones we are hearing from today. The Liberals lack the courage to make known any figure in order to avoid any difficulty that may arise out of arguing for a particular amount. They want to be in the position of agreeing with anyone and everyone for the sake of political expediency.

The hon. member for Essex East spoke about the government hiding the Clark report and later on asserted that his party is the only one with any legitimate right to criticize the government. The Clark report is indeed a hidden document tucked away in a dusty file as I mentioned earlier, but the hon. member expressed a false point. He attempted to suggest that his party is the only one not only in this chamber but in Canada with a legitimate point of view. The hon. member was a top-ranking member of the cabinet in the Liberal government and he and his colleagues sitting alongside him participated in hiding many reports. They kept information from the public. I will not use such words as "corruption" or "dishonesty" in describing their actions but they did keep reports secret from the nation. What about the Currie report? What about the four-legged people

on the payroll at Petawawa? How did that matter come to the attention of the public? It was not because the Liberals had the courage to face their responsibility. They tried to hide the report.

What about the report relating to flour milling combines, the report on price fixing and involving criminal actions? This was before there was a combines investigation branch. What happened? The report was kept secret and hidden from the public eye until sufficient time had elapsed that prosecutions could not be launched. Let my hon. friends in the Liberal party not take the position they do, attempting to sugar-coat it with a claim to legitimacy.

What about the report concerning the economic outlook which the Prime Minister unethically chose to wave around in this chamber in 1957? This was a hidden, secret document and something to which the Liberals paid no attention. They knew they should do so but they did not feel like it.

What about the advice of Mr. Lamontagne given 11 years ago to the effect that the old age pension scheme could easily lead the nation into unemployment? The Liberals paid no attention to it and then hired this same gentleman as a top adviser. Regardless of how much the hon. member for Essex East coats his phrases in emotional terms and regardless of how mellifluous he is—

Mr. Martin (Essex East): That word is pronounced "mellifluous".

Mr. Howard: —or no matter what he says, everyone in Canada knows how bleak and black is the record of the Liberal party over the years. It was a great day for the country, at least from one point of view—

Mr. Chambers: Be careful now.

Mr. Howard: —when they were summarily fired from office.

Mr. Pearson: All but eight of the hon. gentleman's group were fired.

Mr. Howard: It will be a sad day if the Liberals ever get back in again.

Mr. Pearson: The hon. gentleman will not be around to welcome us.

Mr. Howard: That may be so, but I will tell the Leader of the Opposition this through you, Mr. Chairman. My approach and that of the C.C.F. with respect to elections is this. I do not care if I am ever again elected to parliament or if the C.C.F. ever forms the government of this country or of any province thereof so long as the things for which we campaign become the law of this nation and the people are treated justly, fairly and squarely. That is what I am concerned about and I do not care whether the hon. member in any capacity is around to welcome the members of future parliaments. I am interested only in square shooting and in a fair deal for all Canadians including the old age pensioners about whom we are now speaking. They should have decent treatment and a proper income. I am not interested in political expediency which is the hallmark of the Leader of the Opposition and his colleagues.

Mr. Pearson: Oh, do not be so self-virtuous.

Mr. Howard: There is no self-virtue here. I started at the lower levels of the political ladder and have no desire or intention of going farther. The Leader of the Opposition started at the top and since then has come down a long way. He will slip farther down if he persists in pursuing the course he followed a moment ago of lifting statements out of the context of the record and distorting them to create a false picture. I will leave it to the hon. member for Timiskaming to deal with that matter.

It is our desire to promote discussion of old age pensions. We know that pensions should be increased and only we have the intestinal fortitude to suggest a specific amount. We are not like the Liberals who the other evening wanted to close off debate and go home. It is our intention to develop an argument about old age pensions. We have succeeded in bringing about such debate even though hon. members of the government have remained silent and even though latterly hon. members of the Liberal party have sought to tag along after sleeping all morning. The C.C.F. party has always had the courage and the intestinal fortitude to speak out on behalf of increases in old age pensions. My hon. friends look askance. They know how angry everyone in this chamber was at me the other evening because I wanted to call it six o'clock—

Mr. Pickersgill: Everyone?

Mr. Howard: —and when the Liberals wanted to give away the right to debate this question. If the government should increase old age pensions before the next election I will welcome that action even if it is taken because of political expediency. I am sure the Liberals will also welcome the increases and that the Conservatives will trumpet it around the nation that they introduced increases. I take some small personal satisfaction out of knowing that it was the C.C.F. again that wanted to bring these things to the forefront, to raise the issue, as the C.C.F. has done year after year on all sorts of issues affecting the rights and the dignity of the people of this nation and justice for them.

An hon. Member: Hollywood.

Mr. Howard: My hon. friend says "Hollywood". I could tell him a story about Hollywood which would more nearly fit his party but this is not the proper place to do it.

(Translation):

Mr. Brassard (Lapointe): Mr. Chairman, while listening to the hon. member for Skeena (Mr. Howard), I was reminded of a scene I have read about in the holy scriptures concerning the publican and the Pharisee. While would be most appropriate to report it here, I will merely suggest that he read it. If he does not recognize himself in the person of the Pharisee, he can come and see me and I shall be pleased to show him the analogy.

I also know a fable by La Fontaine entitled "The Wolf and the Lamb." The wolf used to spend his time bragging about his strength in the woods and in the fields. One day, he met a lamb grazing peacefully in a green meadow. The wolf, looking for an excuse to treat himself to a good meal by eating the lamb accuses the latter of grazing in his fields.

Mr. Chairman, this fable came to my mind when I heard the hon. member for Skeena state: "We are not like the Liberal party". We are not like them, we are the new messiahs, the new prophets in America. We are going to change everything in this world; it is going to be paradise on earth.

Mr. Chairman, as I have already said in this house, I believe in public men who try to eradicate all that is unsound in public administration; I have no faith in those who try to have the people believe that with them it will be the embodiment of purity. I am afraid of those who give themselves as being pure, because the pure do not need to broadcast it, it shows in their deeds.

Mr. Chairman, I do not know now whether the hon. member for Skeena is speaking on behalf of the C.C.F. or the new party. Of course it is quite hard these days, and it will be for months to come, to know to what group he belongs, but I am very anxious to see the designation that will be given to this new party which will be made up of old human natures such as our House of Commons is composed of. And, Mr. Chairman, we are not going to change human nature.

I much prefer to see a man, like my leader or like the hon. member for Essex East (Mr. Martin), state publicly in this house that he is in favour of improving social security measures, without starting a childish quarrel as to what should be the increase in the rate, 15 cents, $20 or $50. That point is unimportant. Personally I think that what is important is to make sure that all social security measures are adequate to meet the present needs. It depends how one sees it.

The hon. member for Skeena tells us that his colleagues and himself have the courage to announce that they will increase old age security by $20. I think the only courage he can boast of is the one needed to beg for votes. I am fed up with his lessons in humility.

Mr. Chairman, I was going to suggest to the Prime Minister (Mr. Diefenbaker) that he appoint a minister of humility, and that he select for the office the Minister of Agriculture (Mr. Hamilton), since he possesses that quality to such a high degree. However, if they want to do a good deed and appoint one day someone who will really teach humility, by his words as well as by his deeds, I would suggest to the Prime Minister that he keep in mind the member for Skeena.

As was pointed out by the hon. member for Essex East, the Liberal party need not be ashamed of its accomplishments. If it is ashamed of its record, the people are a party to such a record, because they kept the Liberals in office for 22 years.

The Liberal party is not ashamed of its record. That is not to say that the Liberals never made a mistake. In fact the best evidence that they did is that they were removed to this side of the house in 1957. Like my leader, the hon. member for Essex East and may colleagues in the Liberal party, I feel that it is a good thing to sit in the opposition once in a while. It induces one to make reflections and it is better to be in the opposition after being in office because we then have a better understanding of public responsibilities.

It is for this reason, Mr. Chairman, that you will never hear us voicing such bitter and irresponsible statements as those which we heard prior to 1957, or as those which are made, on occasion, by those hon. members who, though they sit to our right, are, in their own view, far to the left.

I am, I repeat, extremely happy to belong to the Liberal party. It changes its name most infrequently. As you know we make no attempt to change our spots, to trade one suit of clothes for another, to put on a new mask. The Liberal party is a very old one indeed but—and this is what is so remarkable about it—it has always kept pace with the times and adapted itself to changing conditions. The matter of a name is a very secondary consideration indeed, Mr. Chairman.

Mind you, I have no difficulty in understanding that in the case of the C.C.F., or New Party, or what have you, there is some advantage in finding a new name, because, in spite of that, all we have here are the same old and unsuccessful faces. Understandably, to go before the people that group must, in every possible respect, change its

external appearance while at the same time remaining faithful to its old, tired clichés and subject to the eternal frailties of human nature.

I look forward with great anticipation to the next election, Mr. Chairman, I have promised the fullest possible support to this new party so that it may remain in the position in which it finds itself today, in sole possession of Mr. Stanley Knowles' chair at the Canadian Congress of Labour.

(Text):

Mr. Martin (Timmins): Mr. Chairman, I started off the debate on this subject this morning but, as happened last year, unfortunately hon. members seem to have taken off in all directions. There is one thing to be said about it, at least; the battle lines are being drawn for the next election. Of course, the Tories are coming out plump and plain for free enterprise, and down with everything socialistic. The C.C.F. is perfectly willing to accept the challenge. We believe that democratic socialism offers the only solution to these problems. The Liberal policy is the position where they profess both but will admit to neither.

Unfortunately, I missed the speech of the Leader of the Opposition. Nevertheless, I heard the speeches of two members of the Liberal party, one devoting 20 minutes to patting the Liberals on the back for past performances and 20 minutes to attacking the C.C.F. and the other devoting one half of the time available to attacking the New Party and the other half to patting the Liberals on the back.

As I mentioned before, last year we had 15 members from the government side, including two cabinet ministers, speak on this subject. This year we can find only one. Why the sudden loss of interest in this subject? Furthermore, although I did not hear it, I am given to understand that the hon. member for Humboldt-Melfort, who is a government supporter, spoke on this subject. Unfortunately, if what I hear is true, he did not devote any of his time to the problem but rather directed his efforts toward attacking the provincial government of Saskatchewan.

Mr. Argue: He is against an increase in old age pensions.

Mr. Rapp: No.

Mr. Argue: This is true; the hon. member is against it.

Mr. Martin (Timmins): Mr. Speaker,—

Mr. Rapp: On a question of privilege, Mr. Chairman, I never mentioned anything of that sort in my speech. It is just the hon. member's imagination. He does not like to hear anything unfavourable said about Saskatchewan. He is now saying that I am opposed to an increase in pensions or something along that line.

Mr. Argue: You would not support our proposition. You talked about something else.

Mr. Rapp: I am definitely not opposed. All I am saying is that the provincial government—

The Deputy Chairman: Order.

Mr. Argue: But you are against a federal increase.

Mr. Rapp: That is just your imagination.

Mr. Bell (Carleton): Be fair.

Mr. Ricard: They have no sense of fairness.

Mr. Argue: All the Tories are against an increase. They will not talk.

The Deputy Chairman: Order.

Mr. Bell (Carleton): We reserve our speeches for the proper time.

The Deputy Chairman: I am sorry, but the rules say that there may be only one speaker at a time. The hon. member for Timmins has the floor.

Mr. Martin (Timmins): Thank you, Mr. Chairman. I must confess that I fail to see how an attack on a provincial government in the federal parliament is going to be of any assistance with respect to the plight in which old age pensioners find themselves today. Furthermore, Mr. Chairman, in view of the comparison of the number of government speakers this year with the number last year, which was in the ratio of 15 to one, we can only be led to believe that the purpose last year was not to improve the lot of the old age pensioners but rather to avoid a vote. I do not know what other conclusion we can come to. Why have hon. members opposite lost interest in the period from July 19 last to now?

It may be that the idea of increasing old age pensions is too repugnant to the Prime Minister with his views on free enterprise. If the old age pension is too socialistic, then I suggest that the Prime Minister, or some other member of the cabinet or at least some member of his party should stand up in the house and tell us what the free enterprise solution is to the problem of our old age pensioners.

Mr. Peters: Mr. Chairman, before the resolution carries I should like to refer to something that was said by the Leader of the Opposition about what I had said. I am sure the Leader of the Opposition can afford to be fair and I am not quite sure that he was fair last year when dealing with this subject. At that time he was depending entirely on his

memory of something that had been said earlier in the debate. However, having had an opportunity to look at the record, he said today almost the same thing as he said then.

I pointed out at that time that old age pensions do not appear to me to lend themselves to great expansion as long as we neglect to bring in the large number of compulsory and voluntary pension plans found in the industrial sector of our economy. Therefore, it seems to me there is very little difference of opinion between the hon. member for Essex East and myself in this respect. He has indicated now that the Liberal party is pledged to put into effect an old age survivor assistance plan similar to that in the United States. He also implied that if we adopted a social security scheme such as that in the United States we would be able to implement the same benefits and thus place our elderly citizens in a much better position. I referred to bringing together industrial pension plans and the national old age security plan in order to provide a much better old age retirement fund than we now have. As found on page 6495 of *Hansard* for July 19 last I said:

> We should pay our old age pensioners a reasonable amount based on the cost of living and the standard of living to which we are accustomed. It is not sufficient to provide old age pensioners with a roof over their heads and a subsistence diet consisting of bread, milk, butter and a small amount of meat. In arriving at a figure we should take into consideration the gross national product and the ability of Canadians to contribute to a plan that will enable our senior citizens to retire on decent standards. The time has come to consider this.
>
> In my dealings with employees in various industries throughout the years I have never encountered any reluctance on their part to contribute to retirement funds, whether it be the old age pension scheme or a pension plan between the employee and employer. In every case, however, I found a great resentment on the part of the employee concerning those conditions that made it necessary for him to remain in the same job in the same plant under the same employer for a period of 25 years or more before receiving any benefit from the pension plan. These plans should be national in scope. People who retire should be granted a basic pension of $75 a month, and it would be advantageous for the Canadian economy and in the best interests of the security of our people if they could have a supplementary retirement pension equal to half the maximum salary they earned during their lifetime. Where the government contributed to the pension plan the $75 would be part of the retirement fund.

I went on to say this, and this is the part to which the Leader of the Opposition has referred:

> I do not ask the government to adopt $75 as a fixed figure. It could be increased to this amount today, but within a month or six months if the Canadian dollar continued to decline it might be that $75 would be too much and the economy could not bear it. On the other hand, the rising cost of food, rent, clothing and medical care has made it imperative that the old age pensioner now receive $75.

Then I went on to recommend a study being made of the Clark report. What I was referring to there was the fact that at that time the Canadian dollar was dropping very rapidly and, having regard to the state of the economy generally, that it appeared to me that old age pensions should have some relationship to some standard or formula and not remain at a set figure. In the depths of a depression when the prices of goods fall markedly I can see that $75 a month might be regarded as a very large amount. However, I certainly stated that in terms of present conditions $75 a month was the minimum requirement and that it was likely that this figure would rise rather than fall. I suggested that the payments should be tied in with some formula, such as the gross national product or the cost of living as established by the bureau of statistics or some other formula which would provide flexibility and keep payments to old age pensioners in line with their needs.

There is nothing very difficult about understanding this matter. If our standard of living dropped very rapidly it might be that the Canadian economy could not afford to pay to old age pensioners any amount that would be out of line with the standard of living at such a time. On the other hand, under present circumstances I think we can now afford to pay old age pensioners more than $55 a month when the standard of living in the city of Toronto, for example, is such that the municipality must pay almost as much as the federal government to maintain a bare minimum standard for these people.

I do not understand why governments are reluctant to put into effect a national pension plan that would be based upon contributions by employees, employers and the government. I do not see any difficulty in establishing a pension plan such as that in Germany which will provide the worker with a pension half as large as his income in his highest five-year earning period. My hon. friend points out that the insurance companies will not allow it. I believe this is the reason why government annuity and superannuation provisions have not been developed to the extent of providing a national portable pension plan.

I would draw to the attention of the committee to the Department of National Revenue information bulletin No. 14 on pension plans for the purpose of the Income Tax Act. The Minister of Finance in his argument said that the reason that proposal had not been accepted or was no longer in effect was the

same as that for which the so-called blue book had not been left in effect. He said that it was his opinion that vesting rights of pension plans must remain within the jurisdiction of provincial governments. I read his remarks at that time but I can see no reason why the Canadian government could not deal with vesting rights as it did with unemployment insurance. It will be remembered that it was considered that the responsibility for unemployment insurance was not within the jurisdiction of the federal government, but a change was made in the British North America Act allowing unemployment insurance to be implemented. With that fact in mind I would suggest that it would not be difficult to overcome the present problem. I suggest that the blue book sets out the principles and regulations regarding the method by which the pension plan should be introduced and operated.

I have had many inquiries from union members regarding this problem of vesting rights, and would bring to your attention that Mr. McCann suggested, in 1950 when he introduced this statement, how this matter should be treated. I should like to read the sections which those union members are interested in. Appearing at page 14 of the blue book under the heading "Part 10. Vesting" appears the following section:

(a) The rights of the employees to the benefits provided under the plan must be stated. An employee must have an immediate vested right in contributions made by him.

(b) The rights provided by employer contributions must vest in the employee within a determinable period, and particularly on the attainment by the employee of an age which would prejudice him in the event of severance from employment. Therefore vesting should be absolute upon attaining age 50, subject to a minimum period not exceeding 20 years of service or participation. There must be an absolute vesting upon attaining optional retirement age, subject to a reasonable period of service or participation.

(c) Vesting of the employer benefits may be conditional upon the employee leaving in the plan his own contributions, or may be graduated by a stated percentage over a period of years. Vesting of the employer's contributions in the event of death prior to retirement is optional.

(d) The terms of the plan may not subject the rights of employees under the plan to any claims by the employer or any other person. In particular, the funds available for employee benefits may not be held or used as security against any debt or defalcation.

(e) If the number of employees covered under a plan is five or less, there must be an immediate vesting of all payments.

Many pension plans are being implemented across the country in many different categories, some not advantageous to the majority of employees in the plan. One plan was brought to my attention where the employer made all the contributions and therefore felt that until the employee, after long continuous service with the company had reached retirement he had no vesting rights whatsoever. Other plans exist of course where the employee and the employer make contributions, but in those cases the employee, after a period of time, is given vesting rights in his contribution, but in most cases the employee is never given vesting rights until he has reached a specific age in regard to the contributions made by the employer. In many cases, the employee continues to feel, that the contributions made by himself and his employer is his own money because if these contributions were not made toward a pension plan he would be receiving the amount of money in the form of wages.

What does the term "vesting right" mean? It is my understanding that this term is interpreted to mean that after a three-year period of contribution to an insurance policy the subscriber has limited rights and at that time may in conjunction with his insurance company have a paid-up policy or may transfer the amount of his contribution to another type of insurance policy. It means he has certain rights in the funding of his pension plan and the right to take part in the decision as to whether it should be fully funded.

At page six of this Co-operative Commonwealth Federation letter to its council members, the following appears:

In discussing the subject of a national pension fund, the question immediately arises as to whether or not it should be fully funded. While this aspect of the subject will be discussed thoroughly at a later date, there are one or two observations that should be made here.

It is not at all necessary to place national superannuation on a fully funded basis. (The term "fully funded" means that if contributions ceased to be paid into a fund, there would still be enough money in the fund to pay up all benefit claims against it. Such a fund would have no deficit on capital account, or actuarial deficiency.)

In the case of private insurance schemes, there may be a good argument for maintaining the scheme on a fully funded basis, or avoiding a deficit on capital account. By nature a private company cannot be assumed to be a perpetual concern. A private company must also depend on its own, and therefore, limited resources. On the other hand, a compulsory national pension scheme is based upon a permanent body of contributors with unlimited life. There is no need to make provision against possible liquidation.

What would be required, however, is the assurance that the position of the national fund on current account be at all times sound.

This would mean ensuring that for a number of years ahead income was at least equivalent to expenditures by adjusting contributions whenever necessary. However, for a considerable number of years after the commencement of superannuation this problem would not exist. During this period income from contributions would greatly exceed benefits paid out.

While the primary importance of a national superannuation scheme is to provide adequate financial security in old age, it has also a national economic advantage. The accumulation of contributions under such a scheme would provide a substantial source

of investment funds for carrying out large-scale capital developments in Canada. This would be especially true for the first 20 to 25 years when contributions exceeded benefits paid out.

This matter of vesting rights is very important. It has been stated many times that only the Canadian government can carry out the full vesting of these pension plans. Many of the mines in the area from which I come cannot establish this type of pension plan because it would be impossible for them to put away the amount of money which would guarantee this pension to their employees. They could not do it on the basis of a portable plan; they could only do it on a limited scale pension plan where they have vesting for their employees only after ten years of employment.

This means that if a fund were established and the mine were closed down before the ten years had elapsed, those employees would not of course have been employed in the mine for the requisite number of years and would not have reached retirement age. There would be no way in which they could obtain this money after they had reached retirement age, because the company would be liquidated and would no longer exist. The Department of National Revenue could not guarantee that the contributions which had been made on behalf of these people would be available. The department would not be in a position to guarantee that the private company would have the money put away for this purpose. The money could easily be disposed of in the liquidation of the company.

For this reason it is very important that this matter of vesting be given very careful and immediate consideration. I suggest that when the former minister of national revenue, Mr. McCann, introduced this measure he was of the opinion that it would solve the problem that was self-evident in many of the plans his department was asked to approve.

Mr. Pickersgill: A good, progressive move.

Mr. Peters: Yes; I am sure it was a good, progressive move. I can inform the hon. member who has interrupted that the unions are still interested in this matter of vesting.

Mr. Pickersgill: They will get it when we again have a Liberal government.

Mr. Peters: They cannot get it from a Liberal government; it was a Liberal government that withdrew this plan. This book is not to be found in the public library; it is not available to unions or anyone because that minister, Mr. McCann, had to withdraw it because it was impossible to put it into effect. The Minister of National Revenue knows this. He tried it again in 1959. He did not make it quite as clear then, because he did not specify vesting rights in as simple a form. However, he also had to withdraw it for exactly the same reason. This has been withdrawn and disposed of because neither the Liberals nor the Conservatives have yet found a way of dealing with this matter. The only way to do so is by putting into effect a national pension plan. A national pension plan is twofold in this respect. We will have to give the old age pensioner $75 a month, but we will have to look for methods of increasing this pension beyond $75 a month other than those which are being used at the present time.

We have mentioned several amendments that would allow us to meet a pension of $75 a month, but we have not solved the problem of establishing this plan. The Minister of Finance has said he cannot allow this vesting section in the Department of National Revenue's direction for the simple reason it contravenes what he considers to be provincial rights. The Minister of Finance says this matter comes within the jurisdiction of the provincial governments in connection with civil rights and liberties. There is no greater civil right or liberty than the matter of the old age pensioner being able to live out his last days enjoying those liberties and rights which should have been established for him during his many years of employment.

I think all that is involved here is a small amendment to the British North America Act. It may be that a former minister of the crown, now the hon. member for Bonavista-Twillingate, may be in a position later to do something about this matter. I do not know.

Mr. Pickersgill: Hear, hear.

Mr. Argue: Never.

Mr. Peters: I am not sure whether he will be in a position to do it. I hope this party will be in a position to do this.

Mr. Argue: Hear, hear.

Mr. Peters: I hope that what the hon. member has said is an indication that his party agrees to put into effect a national pension plan which will provide—

Mr. Pickersgill: It is in the Liberal program now.

Mr. Peters: That does not mean anything. I have not heard the hon. member endorsing the resolutions which came from his party's convention. I have never seen a group of people so reluctant to talk about those proposals as are the hon. members of that political party. I understand that the only person who really sympathized with them was

the leader of the party. I do not know why he did this, because I have not yet assessed his reason for supporting most of these things.

If what the Leader of the Opposition has said is true, it means he is pledged to support these resolutions. However, I am pleased to know that even from his seat the hon. member for Bonavista-Twillingate says he will change this section of the British North America Act in order to make it possible for this program to be effected.

Mr. Argue: He will change it by a private member's bill.

Mr. Peters: I hope they will do what was done with regard to the Unemployment Insurance Act, which was a very forward step. I hope we shall no longer do what the Conservative government has done, namely hide behind the skirts of the provincial governments of this country. I hope the federal government will give leadership in this matter of social security, even if it means amending the British North America Act.

When this measure was introduced in 1950 it became self-evident very soon afterwards that this step should be taken in order to make the program possible. The minister did not see fit to do this. He did not even see fit to come to parliament and explain why he did not do it. There has been a great deal of reluctance on the part of our governments to say why they are afraid to give consideration to a national pension plan on a contributory basis in order to supplement old age pensions.

The only minister who has given us any clue as to the reasons for this reluctance is the Minister of Finance. He gave an explanation, but only after one of the government members said, "We cannot increase old age pensions now. If we increase old age pensions to $75 a month it will give us a $200 million deficit. We cannot increase them because we already have a deficit".

This is what provoked the Minister of Finance to get into the argument. There may be another reason. I do not know everything; I have difficulty in learning what little I do know. However, if the Minister of Finance, the Minister of National Revenue or their assistants say that what I have said is wrong, and they have found a way of doing this other than the way I have outlined, I hope the necessary steps will be taken, and I will support them to the limit.

I have worked in the industry of gold mining for 15 years. The gold mining industry has never had a lifetime of more than about 20 years. It is an industry in which very few people would ever be able to obtain a pension because they either do not live in the industry long enough or the industry itself does not live long enough. We shall have to adopt a national pension scheme which will allow them to take the benefit of their contributions from one industry to another, and we shall need to supplement the payments made in order that they may be able to retire with reasonable comfort in their old age.

I am sympathetic toward part of the argument used by one of the Liberal spokesmen when he said we should give consideration to allowing the people themselves to help build a national pension scheme. However, employees in those sections of industry where there are no pension plans today have no alternative but to end their days under the old age security program. The only people who benefit are those in industries where unions are strong enough to force implementation of pension plans to which both employers and employees contribute. I do not think we should leave the situation as it is. I think we want to offer the opportunity to all Canadians to make contributions to pension plans and to help them to establish schemes which will return them at least half of their average wage in their best five years in order that they may be able to retire with respect, maintain the homes which they have taken a lifetime to buy, continue to run their cars and retain their position in society which they have been accustomed to hold.

Mr. Nowlan: I have no desire to prolong this debate beyond the length of time it has already taken. However, in view of the fact that I suspect there may be an inordinate demand for *Hansard* of today's issue for distribution throughout the country, I think I should say one word about all this discussion, reminding the committee at the same time that this is only a motion to grant interim supply.

We have today discussed the Bank of Canada, the textile industry, unemployment, fiscal matters and monetary matters. We have discussed a national pension scheme, the old age pension scheme and, now, the vesting of pensions as well as half a dozen other subjects which no doubt have not occurred to me. In fact, the committee has skimmed very lightly over every subject in this category, running as fast as Eliza did in "Uncle Tom's Cabin" when she ran across the ice of the river, and probably just as frightened.

It has been a beautiful display of theatre, and the friendly arguments between the two groups on the other side of the house, as to which should eliminate the other before it is itself eliminated, were no doubt greatly appreciated by government supporters and others.

Once again I stress that this is a motion for the granting of interim supply. There will be other debates. There will be a budget debate. The estimates of practically all the departments with the exception of the department of immigration have yet to come before the committee, so there will be many opportunities for these matters to be discussed at length. I would suggest also, with respect, that these motions are not usually regarded as providing an occasion for a policy discussion. Certainly it has not been the practice of any government, as I recall it, to make announcements of policy during a debate such as this one.

If we became involved in a discussion of all the matters raised today the debate would probably need to be carried on for another two or three days. As I say, we shall have further opportunities to discuss these matters later. The committee has spent a reasonable length of time at least—and I think that is a conservative statement—in discussing these questions up to now; and if hon. members feel that they have had ample opportunity for raising these problems I hope they will agree to get on with this resolution and dispose of this matter before five o'clock when we shall be considering private members' bills. As hon. members know, it is necessary to dispose of this matter and others in the immediate future. Without desiring to limit debate in any way, I hope this objective can be achieved. I promise hon. members opposite who have raised the questions and sought answers from the government that at the right time those answers will be forthcoming. We are not proposing at this stage of debate to satisfy the wishes of the opposition in all those respects because, as I mentioned, this is a stage of debate which heretofore has gone through within a few minutes and has been regarded as merely a technical matter.

Since the debate has gone on for this length of time, I suggest that with the consent and approval of all members we might get on with the practical steps necessary to implement this measure before five o'clock.

Mr. Pickersgill: Before the item carries, I wonder whether the minister is prepared to give an unqualified assurance that there will be another budget. That is a serious question.

Mr. Argue: We are disappointed that the Minister of National Revenue, the Acting Minister of Finance, should not have taken this opportunity to put forward the position of the government with regard to this very important question of an immediate increase in old age pensions.

It is true that before 1956 it was not customary in dealing with interim supply to have a debate on questions of government policy. However, I think the practice has grown up since 1956 of making use of this stage of debate to put forward some of the proposals that may be in the minds of members. We regret very much that not a single member on the government side of the house has risen during this debate to speak in support of an increase in old age pensions though it is certainly clear to anyone who reads today's *Hansard*—and the minister referred to this matter—that it is very much in order during this discussion to talk about increases in old age pensions.

I should just like to make one further comment. It seems indicated that interim supply will be passed today. I was not certain at all that this would be the case. However, I think the government has arranged—I do not say deliberately; perhaps it is just one of those things which happen by coincidence—that the most controversial and, very often, the most vitriolic member of the house and of the cabinet, should not be in his place today to pilot this resolution through the house. There is no doubt in my mind that though this matter has taken a considerable time to deal with, the hon. gentleman's absence has expedited the discussion.

Motion agreed to.

Resolution reported and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. George C. Nowlan (for the Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Nowlan (for the Minister of Finance) moved:

> Resolved, that toward making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31st, 1962 the sum of $638,909,350.10 be granted out of the consolidated revenue fund of Canada, as set forth in the resolution concurred in this day in the committee of supply.

Mr. Pickersgill: Before this resolution carries, I wonder whether the Minister of National Revenue can assure us that there is enough money in the treasury to meet these disbursements.

Mr. Nowlan: We do not expect to have difficulty on that score.

The Deputy Chairman: Shall the resolution carry?

Mr. Macdonnell: Mr. Chairman, let me say one thing before the resolution carries. I am sorry that the hon. member for Assiniboia is not in his seat. I wish to express the greatest regret at the reference he made to the Minister of Finance. I thought it was a most unfair reference. I am sorry the hon. member is not in the chamber because I thought he himself might see it was unfair and withdraw it.

Motion agreed to.

Resolution reported and concurred in.

Mr. Nowlan (for the Minister of Finance) thereupon moved for leave to introduce Bill No. C-78, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1962.

Motion agreed to and bill read the first time.

The Acting Speaker (Mr. Rea): When shall the bill be read a second time? By leave, now?

Mr. Pickersgill: By leave.

Mr. Nowlan (for the Minister of Finance) moved the second reading of the bill.

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

On clause 1.

Mr. Bell (Carleton): Mr. Chairman, may I just indicate to the committee that the bill is in the standard form of the first interim appropriation bill and deals in its schedules only with those items which have been considered in the committee of supply and the committee of ways and means.

Mr. McMillan: Mr. Chairman, clause 4 of this bill allows the governor in council under the Financial Administration Act to borrow sums of money not exceeding in total the sum of $1 billion. I was just wondering why that is so. Why does the government need $1 billion for the purposes stated here, for public works and general purposes?

Mr. Bell (Carleton): This has been the standard practice in the first appropriation bill, for a number of years. Authority is given to borrow $1 billion in the first interim appropriation bill. This is for public works as is indicated and for general purposes and covers, of course, the issue of treasury bills and the necessary financing that must be done as the government proceeds from month to month. This, as I say, is standard practice.

Mr. McMillan: It does not occur in subsequent appropriation bills?

[The Deputy Chairman.]

Mr. Bell (Carleton): No, Mr. Chairman, except the final one. Perhaps the committee would be interested in what has been the position, previously. The authority granted by parliament in recent years has been as follows, in tabulated form:

1955-56	$ 1	billion
1956-57	$ 1.5	"
1957-58	$ 1	"
1958-59	$ 2	"
1959-60	$ 1.5	"
1960-61	$ 1.5	"

Clause agreed to.

Clauses Nos. 2 to 5 inclusive agreed to.

Schedules A to C inclusive agreed to.

On schedule D.

Mr. Herridge: I wish to ask one question. Item No. 469 relating to the Canadian pension commission is a vote in the amount of $147,484,000. How does the parliamentary secretary relate that amount for the period mentioned to the total amount shown opposite that figure?

Mr. Bell (Carleton): The last figure to which the hon. member referred is the total for all the amounts in schedule D, I believe. The particular item of $147,484,000 is due to additional appropriations for the two items required to cover payments resulting from the increase in rates authorized by the recent revision of the Pension Act.

Schedule D agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Nowlan (for the Minister of Finance) moved the third reading of the bill.

Mr. Frank Howard (Skeena): Before the bill is passed, I am sure the Acting Minister of Finance and the parliamentary secretary to the minister will be appreciative of the high degree of co-operation extended today.

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

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Administration branch—

1. Departmental administration, including advisory committee on agricultural services, $911,098.

Mr. Horner (Acadia): Mr. Chairman, a great deal of discussion has taken place on these estimates and I shall attempt to avoid

repeating anything that has been said. The minister at an earlier date dealt with the various changes in his department. I do not intend to deal with those changes except to say I think they are good ones. I refer to the bringing of the wheat board and the board of grain commissioners under the Department of Agriculture. I think this action will result in better co-ordinated farm policy and will bring about a greater co-ordination in aid to farmers.

The endeavour to stress farm sales and find new markets is a commendable one. Perhaps to some extent it is directly as a result of the changes to which I referred, particularly the placing of the wheat board under the Department of Agriculture. Perhaps the board more fully realizes that the income of farmers depends on the board.

We all realize that the famine in China had something to do with sales of wheat in that country but similar circumstances were not evident in relation to sales to Czechoslovakia or Russia. I hope the Department of Agriculture will make every effort to regain and hold sales in our regular markets and that every effort will be made to make customers aware that our products are available to underdeveloped countries under the Colombo plan and through United Nations organizations.

Much has been said in this debate about farm income and cash income. In a way that would be clear to anyone who would take the time to study his figures the minister pointed out that cash income to farmers is moving in the right direction. I noticed recently that in the year 1960 the cash income was up 12 per cent. We are all glad to see this result.

The hon. member for Drummond-Arthabaska quoted some figures that he said were from D.B.S. sources. Where he got them I am sure I do not know. I have some figures on my desk but they certainly do not correspond with those of the hon. member. He quoted prices at which products were sold, and said that they had decreased, but he did not refer to his own province at all. The index for that province is considerably higher than the index of prices in western Canada. He condemned to some extent the acreage payments to the western farmers. If he had referred to the index from which he quoted he would have seen that products sold on the prairies at prices considerably lower than those in eastern Canada, and particularly in his own province.

The hon. member for Beauce quoted from an article in *Maclean's* magazine, written by Peter C. Newman. He more or less pounced on the idea that the Minister of Agriculture would never take the place of Johnny Appleseed. He did not quote from the same article a paragraph that caught my eye. This paragraph is from the same article in *Maclean's*:

> The Tories have ladled out nearly half a billion dollars to Canadian farmers since they took office. Their various programs and subsidies will this year amount to nearly four times as much as the farmers received during the last year of the Liberal administration.

He did not feel that this was worth putting on the record, but I do. The article goes on to refer to the great hope of the new Minister of Agriculture and suggests that he may take the place of Johnny Appleseed. Certainly, he is doing a tremendous job in selling agricultural products and in selling agriculture to Canada as a whole.

I do not intend to say too much about the C.C.F. party. Last night we heard a great deal about their aspirations, and perhaps today as well. For a long time the hon. member for Assiniboia has talked about what he would do for the farmers of western Canada. In considering how serious he and members of his party are, and how serious the official opposition are one must come back to the record in order to see whether it bears out their remarks. We have often reviewed what the Liberal government did during the 1940's, up until 1948. They would not lift the embargo on Canadian cattle going into the United States, much to the chagrin of the farmers in western Canada. They entered into an agreement with Great Britain which cost the Canadian farmer a great deal of money.

In looking back over the past record I notice that the socialists and the C.C.F. party supported this agreement and said that it was a good thing and that we should enter into it. Several members in the house at that time raised doubts and inquired whether some precautions should be taken in the consideration of this agreement. One of those members was the present Prime Minister and another was the then leader of the opposition, Mr. John Bracken. They both raised doubts with regard to this agreement, as to whether it was a good one and whether every consideration was taken in connection with the years ahead. One must realize that over the years the C.C.F. party has tried to climb onto anything that would bring them votes. This was evident in the farmers' march on Ottawa not so long ago. Another instance was the demand for deficiency payments. They raised this issue and blew it up as high as they could. They are now going to do the same thing with the feed mill question, blowing up out of all proportion the situation that actually exists.

I hold in my hand a clipping from the Kinistino *Post* dated Wednesday, May 27, 1959. The headline reads:

Minty Loptson declares:

C.C.F. sabotage of wheat board has cost farmers millions.

The article goes on to say that Mr. Loptson charged that the minister of municipal affairs for Saskatchewan made a speech in which he said that in 1951 the British people had already paid the Canadian producer $182 million more than they needed to pay on the contract for wheat delivered. The article goes on to say that Mr. Attlee was made aware of this view and, of course, when more money was asked for by the then government it was refused. Certainly no money was given. I do not like to quote this article. I am sorry that the hon. member for Assiniboia is not in the house, but I went to the trouble to look up the debates in the Saskatchewan legislature in order to see whether the Saskatchewan member had actually said that we had already received $182 million more than we should have received for our wheat. At the bottom of page 3 of the proceedings of the legislative assembly of Saskatchewan for February 14, 1951, I find that Mr. McIntosh said:

In other words, the British government paid to the Dominion of Canada $182 million in excess of the price quoted in the contract.

To me this was rather shocking. I came to the conclusion that one cannot take too seriously everything that is said in the House of Commons.

Last night the hon. member for Timiskaming made a great speech on the feed mills. He went on at great length to say that wheat was selling now at 50 cents less than the price at which it should be selling. He said that the farmers producing beef in western Canada got the advantage of this 50 cents. He mentioned this 50 cents time and time again, and I pretty nearly reached out and caught it. Where he got it from I am still in doubt. His whole speech reminded me of the speech he made in the House of Commons a year ago on wheat board permits. The committee will remember that last year we discussed wheat board permits and the whole quota system for quite some time. I listened to the hon. member for Timiskaming for quite a while at that time. I spoke to him afterwards and I said, "Surely you did not grasp how the quota system works". I went on at great length to explain it to him. He said, "Oh, I see how it works now but still, it does not matter; I had to fill in the time, anyway". I gathered from the remarks he made in his speech last evening—

Mr. Peters: On a point of order, Mr. Chairman, the hon. member is referring to a speech I made last year. I was not completely aware of how the quota system worked. The hon. member who represented one of the ridings affected was good enough to explain to me at the time how it did work. I thanked him for it but I did not say that it did not make any difference and that I was filling in the time.

The Deputy Chairman: That is not a point of order. The hon. member can make his correction after the hon. member who has the floor has finished his speech.

Mr. Horner (Acadia): Maybe the member does not recall, but after the hon. member had made his speech I thought that perhaps he was willing to learn something about our quota system. I listened to him very carefully. I was quite amazed to realize that a person could stand up and speak for as long as he spoke in this particular debate and know so little about his subject. I said to myself, "Perhaps I should go around to see him and inform him on how the quota system actually works". Perhaps the evening is clearer in my mind than it is in his, and also what happened at that time. I am just saying that his speech last night reminded me very much of that evening last year. He talked about feed mills and he quoted a statement made by Mr. McNamara to the committee on agriculture when it was conducting its feed mill inquiry. What did Mr. McNamara say when 400 Saskatchewan farmers visited him early this year? He said, as found in the *Manitoba Co-operator:*

Your interests are being directed into local problems and your support of the wheat board should be centred on us as a marketing agency.

The article from which I have quoted is headed, "McNamara Says Farmers Directed Away From Most Vital Issues". This is true of the whole feed mill question and, as I suggested earlier, the C.C.F. party seems to have seized upon it in the hope that it will attract some votes to them. Actually the hon. member for Timiskaming suggested in his speech—and this struck me as rather odd—that the whole feed mill problem should be sent to the standing committee on agriculture for study. I thought that this was a surprising suggestion because we have already studied the question. The committee had 12 or 13 meetings on this matter and heard nine briefs. I said to myself, "Surely he does not want this matter to go before that committee again", although I realize that the members in that corner are particularly anxious to have everything under the sun referred to the committee. However, when the time comes for the committee to meet some members of that group do very little work in

the committee. This was evident in the private bills committee when it was considering the bill to incorporate the Aurora Pipe Line Company.

Mr. Peters: May I ask a question?

Mr. Horner (Acadia): My time is limited and if the hon. member simply has a question I am going to continue. When the hon. member made these remarks last night I took the trouble to find out how many meetings of the committee on agriculture he attended when the committee was studying the feed mill question. He attended three meetings out of 12 or 13 and heard part of three of the nine briefs that were presented to the committee.

The hon. member for Assiniboia has talked at length about the feed mill question. How many committee meetings did he attend at that time? He attended three and heard part of three of the nine briefs presented to the committee. I only point this out in order to indicate that hon. members should not take too seriously suggestions from that corner about referring matters to a committee because some of their members do very little work in the committees.

It aggravated me to some extent to hear the hon. member for Timiskaming say that the feed mill regulations would put western farmers in a better position than eastern farmers with regard to feeding livestock. I could not understand this. As I mentioned earlier, he went on to talk about a figure of 50 cents and he referred to 50 cents so many times that one could almost visualize that 50-cent piece. Actually, however, under the feed mill regulations western farmers will be able to buy western grain no more cheaply than they have been able to buy it in the past. In fact, allowing the feed mills to come into the picture and handle feed grain will have a tendency to increase the price farmers are paying for feed grain because it will create a greater market for such grain. If anything, it will have a tendency to increase the price of feed grains sold to farmers.

Farmers who are feeding cattle in western Canada now will be in the same position as that in which they were in the past or perhaps will not be quite as well off from a financial point of view. They may be able to get a better concentration of feeds or a better mixing of feeds. I hope that will be so, but certainly there is no 50-cent piece in evidence as the hon. member for Timiskaming tried to indicate last night. This is borne out by the figures the Minister of Agriculture put on *Hansard* indicating what feed mills are paying for coarse grains. It appears to me that the hon. member is once again trying to create an issue that does not exist. Rather than pay more attention to members from that corner, I think we should pay less.

Mr. Michaud: Mr. Chairman, in view of the fact that it is one minute to five o'clock, may I call it five o'clock.

Progress reported.

PRIVATE BILLS

Mr. Deputy Speaker: It being five o'clock the house will now proceed to the consideration of public and private bills, the former having precedence, pursuant to section 3 of standing order 15 as provisionally amended.

INDUSTRY

DISTRIBUTION TO AID PROVINCIAL DEVELOPMENT

Mr. R. C. Coates (Cumberland) moved the second reading of Bill No. C-23, to provide for the development of certain provinces by the distribution of industry and for the reduction of unemployment therein.

He said: Mr. Speaker, the purpose of this bill is twofold, first, to encourage the development of industry in the four Atlantic provinces and, second, to reduce the high level of unemployment in those areas where it persists. It has been my view that the Industrial Development Bank Act, which legislation has been made available to assist in the establishment of industries in Canada, has not had in the Atlantic area that beneficial effect that one would have expected from this legislation when it was placed on the statute books. It may be that statistics will emphasize the situation more forcibly to all members of the house.

In the six years from 1955 to 1960 inclusive the following numbers of loans through the industrial development bank were made available to industries in the Atlantic provinces: Newfoundland, 21; Prince Edward Island, 19; Nova Scotia, 114; and New Brunswick, 116 loans, or a total of 270 loans during this period. For the sake of comparison I point out that in the same period in the province of Ontario 937 loans were made available to industry and in the year 1960, 264 loans were made, only six less than were made available to the four Atlantic provinces in six years.

From a monetary standpoint the imbalance of this situation is still more significant, with the four Atlantic provinces receiving less than one tenth of the over-all amount lent to the 10 provinces, a matter of slightly more than $18 million compared with $192 million, or a percentage figure of less than 10 per cent.

When one compares the situation in existence here with the repeated comments of experts, that the prime need of the Atlantic

provinces is cheap investment capital which must of necessity come from outside our area because of the low level of the earning power in the maritimes—37 per cent on a per capita basis below the average for residents of the central or western provinces—one quickly realizes the need for bold and imaginative steps to rectify the situation. In recent times the Atlantic provinces have shown a very real interest in their own problems and have taken many steps on their own to remedy the situation wherever this is financially possible.

An example of this action in my province of Nova Scotia was the establishment by the Stanfield government of a crown corporation known as "Industrial Estates Limited". Another example was the appointment of A. K. Cairncross, an eminent British economist, to study and report on the economic situation in the Atlantic area. This report was made available to the provincial government in February of this year, and the conclusions reached by this economist will no doubt be of lasting benefit in correcting the situation wherever the provinces find this possible within their limited resources.

In this report Professor Cairncross indicates a number of methods whereby the federal government could assist our area in attracting new and expanding established industries.

As all members are aware, in the supplementary budget, this government took the first step that has ever been taken by any federal government in its efforts to assist areas with persistent unemployment in attracting new industries, through the principle of double depreciation. Some have said since this step was taken that the government has not gone far enough. Very recently Conservatives from across this country, in convention, passed a resolution requesting that tax incentives for new and expanding industry in our coal mining areas be provided on a scale more generous than presently proposed.

In recent days Mr. Frank Sobey, president of the Nova Scotia crown company, Industrial Estates Limited, when appearing before that legislature's industry committee, stated that this crown corporation could attract industries into depressed areas of Nova Scotia if it had additional help from the federal government enabling the crown corporation to offer tax concessions or start-up concessions, or other types of concessions of this nature that would make Nova Scotia locations attractive. The bill that I have before the house at the present time would do exactly what the president of Industrial Estates requests.

Its basic premise is the co-operation of the directors of the industrial development bank with the industrial estate corporations in the Atlantic provinces. It would allow the industrial development bank to lend moneys to industrial estate companies to assist in providing premises for industrial enterprises. Further, it would allow the bank to make to such companies annual grants which could be used to make payments of interest on the moneys borrowed until such time as the said company or companies were in a financial position to do so from their earnings.

Further, in areas of persistent high level unemployment it would allow the bank, working in co-operation with the industrial estate companies, to go even further and consider ways and means of providing still further incentives to convince these investors they should locate in these areas. In this regard may I bring to the attention of members of this house an editorial recently published in the Halifax *Chronicle-Herald* which comments on Professor A. K. Cairncross' report which emphasizes a situation that is not usually given the consideration it merits. The article appeared on March 1, 1961, under the heading "An Epidemic Force" and reads as follows:

> One particular piece of basic philosophy to be found in the report on the ills of the Atlantic provinces which has just been submitted by Professor A. K. Cairncross of Glasgow university should be necessary reading and re-reading for all those in governmental positions of responsibility for tackling this growing problem. It is this:—

The article then quotes from the report as follows:

> "The mere existence of a chronic labour surplus is usually sufficient to generate obstacles to development in the habits and outlook of the population. The pace of work becomes slowed down where unemployment is a frequent recurrence. Why hurry towards idleness or work under pressure where others could lend a hand? Ambition is curbed, the response to economic incentives is blunted, mobility is reduced and hopes of a higher standard of living are stifled. Thus even the opportunities that plainly exist may be neglected and the failure of the community may be attributed to apathy, laziness or lack of enterprise."

This is the third year that I have placed this bill before the house, but I feel certain there never has been a time when its debate has been more appropriate than now. Very recently in my constituency of Cumberland the very fine citizens of Joggins were informed that the coal mine upon which the area depends for a livelihood is to be closed forthwith. This situation coupled with the one that has been in existence in the disaster scarred town of Springhill, indicates that new, realistic, bold, imaginative and immediate steps must be taken if they are to have the opportunity to secure new types of industry to employ the responsible, willing and able working force available to them.

The submission that I make which is included in this bill is not an unrealistic one

but one that has been tried and proven successful in Italy, Belgium and France, and in those areas of England, Scotland and Wales, where unemployment was persistent. It has been proven in Puerto Rico and now has been adopted in the United States. I see no reason why we cannot, and should not, go forward immediately and give to the Atlantic area that hope, which they must have and certainly deserve and which is inherent in this bill.

I know my constituency is not the only one in the Atlantic provinces that suffers from this dilemma at the present time. I am quite certain that it is not necessary for me to point out the problems of these other areas, for they have seated in this house able and energetic representatives who I am certain will be only too anxious to express their own opinion, if the time is available to them, under this particular bill.

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I rise at this time to give my wholehearted support to the bill which has just been introduced by the hon. member for Cumberland (Mr. Coates), an act to provide for the development of certain provinces by distribution of industries and by reduction of unemployment therein.

There is no need for me to repeat my view regarding this particular matter so far as the Atlantic provinces are concerned. I have spoken in this house on many occasions, and have brought forward the needs of the Atlantic provinces. Speaking on the last supply motion on Monday of this week I expressed the policy of the official opposition with regard to the development of the Atlantic provinces. I mentioned at the time that the double depreciation measure for depressed areas introduced by the government was insufficient and would not provide the remedy which is required to take care of the situation.

The situation in the Atlantic provinces at this time is certainly not the best. The latest unemployment figures which were released on Tuesday of this week show that in the middle of February we had 101,000 unemployed people in the Atlantic provinces. This figure represents an increase of 17,000 over and above the figures which were released for the month of January this year. This means that out of a total increase in unemployment of 26,000 persons for the whole of the country, 17,000 or 65 per cent of that increase came from the Atlantic provinces. It is no wonder that we on this side of the house are concerned about this problem, and we are pleased that for a change one of the government members agrees with us and admits that we need special measures and special incentives, to take care of this situation.

The bill introduced by the hon. member is in line with the policy which has been expressed by the official opposition. It is in line with the resolutions which were discussed at the Liberal rally held early in January. I know that effective measures must be taken at once to take care of the situation, particularly in the Cape Breton area where coal mines will be closing almost regularly starting from the month of May and continuing for the balance of this year.

It is most unfortunate that the present government has not realized the seriousness of the situation before this time, when it is too late. The government should have realized the seriousness of the situation in 1958 when we of the official opposition disclosed the situation as we then saw it and as we felt it would become in the years to follow. As I have said, the action taken by the government has been insufficient and has not taken care of this situation. If the government are prepared to accept the provisions which are included in this bill, we are sure they would at least alleviate the situation.

It is most unfortunate that an area like the Atlantic provinces, with natural resources at their disposal, is being deprived of secondary industry and does not receive the share of industry which it deserves in order to maintain its economy in the same manner as the rest of Canada.

Under the present administration individual workers in rural areas—tradesmen such as carpenters and so on—who have been receiving unemployment insurance benefits in years past have this year been deprived of those benefits. A few moments ago I received a letter from an individual in my constituency who employed a carpenter last summer for a period of four and a half months. That man was disqualified from receiving unemployment insurance benefits—

Mr. MacLellan: On a point of order, Mr. Speaker, this is a very important bill which members from the maritimes would like to discuss. I think the hon. member for Gloucester should be confined to the point before the house and should not waste the short time which we have to discuss this very important matter.

Mr. Robichaud: Mr. Speaker, the bill now before us reads:

An act to provide for the development of certain provinces by the distribution of industry and for the reduction of unemployment therein.

Mr. Deputy Speaker: I think the point of order is well taken. The application of the Unemployment Insurance Act has really nothing to do with this bill, the purpose of

which is related to the Atlantic provinces, whereas the Unemployment Insurance Act applies to the whole of the country.

Mr. Robichaud: I will abide by your ruling, Mr. Speaker. Nevertheless I wish to repeat that the measures introduced so far, such as the double depreciation measure which was included in the baby budget, do not meet the needs of the Atlantic provinces. In the Atlantic provinces we need additional capital and tax incentives. This situation will not be remedied by allowing new industry double depreciation for one year. That measure will not improve the situation.

I wish to repeat what I said earlier. I completely support this bill. I agree with the hon. member for Cumberland, and I hope that this time all hon. members from the Atlantic provinces, whatever their political affiliations, will be in agreement and will support the measure.

Mr. R. S. MacLellan (Inverness-Richmond): Mr. Speaker, I should first of all like to extend my heartiest congratulations to the dynamic hon. member for Cumberland (Mr. Coates) who has brought this very important bill before the house this afternoon. I think my greatest pleasure while serving in the House of Commons to date has been in my association with other hon. members from my province and indeed from the whole Atlantic area. These hon. members have always endeavoured to keep the problems of the Atlantic region before the government. One of the foremost leaders at all times in this effort has been the hon. member for Cumberland.

It is important to note that Bill No. C-23 introduced by the hon. member for Cumberland pinpoints one of the chief problems of the Atlantic area. Our chief problem is to develop further manufacturing industry in the area which will provide more employment. Indeed, I could not help but remark to myself, while the hon. member for Gloucester (Mr. Robichaud) was speaking, how little had been done in all the years when the party of which he is a member was the government of this country. I also remarked how much the unemployment problem which we have in the Atlantic provinces today is due to the carelessness of that administration and the fact that in those days there were so few people to speak out for the Atlantic area.

It is particularly apt that this bill should come before the house at this time, when we are experiencing such great difficulty in the coal industry in Cape Breton. This is a difficulty which has been advancing over the years. It is paramount at this time because of the surplus fuel oil, residual oil, hydro power and natural gas upon the Montreal market in particular. It is too bad that in the days when the hon. member for Gloucester was on the government side of the house he did not bring to the attention of the government of that day the effect upon the coal industry of the maritimes, of the completion of the natural gas pipe line to Montreal.

Indeed, one of the reasons for the problem we have today in the coal industry is the surplus gas being pumped to our traditional markets in Montreal and east. It is a shame that this fact was not brought to the attention of the former government which sponsored that pipe line prior to 1957.

Many of our industries in the Atlantic provinces are doing very well at the moment. Our tourist industry has grown very appreciably in the last few years. Much of the credit for that growth is due to the considerable expansion in our national parks and in the development of other tourist activities in our region. Much of it is due also to the new roads which have been constructed through the greatly increased grants made available to the Atlantic area since 1957.

As I am sure the hon. member for Gloucester will agree, the fishing industry is growing steadily in all Atlantic areas, and we look forward to an expanding market and to an increased sale of fish products in the years ahead. Our dragger fleets are growing, our fish plants are generally busier than in previous years and we can expect this resource industry of the Atlantic area to continue to expand. In Nova Scotia in particular there has also been a great increase in the market for pulpwood over recent years. At the moment I am proud to say that in my own riding at Point Tupper there is being built at a cost of about $40 million, a pulp mill which will almost double the demand for pulpwood in the province. In addition, there is an increased demand for pulp for export. Generally speaking, while we must grapple with the problems of our declining coal industry, we rejoice in the fact that a new door is opening and that the forest industries will provide increased employment.

Agriculture, too, stimulated by the new market for pulp, which means extra cash in the hands of the farmers, is increasing in importance. Certainly our problem is not one of surpluses but rather one of production. The effort being made in all the Atlantic provinces, but particularly in my province, to increase agricultural production is one of which we can all be proud and one which augurs well for the general economic future of the region.

However, I should like to point out that resource industries, such as fishing, agriculture and forestry are activities of a type

which do not effectively remove seasonal unemployment. This has been the case for many years and the situation can be cured only by an industrialization program of some kind which would mean more employment of that type in the Atlantic area. Some big strides have been made toward increasing manufacturing production in the Atlantic provinces. As the hon. member for Cumberland has mentioned, Industrial Estates, with the encouragement of the Stanfield government in Nova Scotia, has fostered the establishment of a substantial number of new industries and, the new mill at Point Tupper, about which I spoke a moment ago, is the first major manufacturing plant to be established in Nova Scotia since the Mersey pulp mill was established in 1925. In all these years between 1925 and 1960 no substantial new large industry was established in the province. It has been owing to the forward-looking confidence and faith of the premier of Nova Scotia and the dynamism of his government that there has been a stimulation of industrial manufacturing and industrial settlement in the province and we all hope very much that this process will continue.

I spoke a moment ago of a number of our resource industries which are now doing very well, though we lack sufficient manufacturing plants. I might say also that the primary steel plant in Sydney which supplies much of the steel sold in Canada had a good year in 1960. It enlarged its markets. It is very efficient and it is able to compete with most other primary producers on this continent. The men who are employed in this industry are grateful in particular to the Minister of National Revenue (Mr. Nowlan) for his help to the company when it was seeking out new orders in 1960.

However, the general problem of establishing industries in the Atlantic area has not been solved. What strides we are making, and I do not minimize them, have been against the tide that runs against the Atlantic provinces owing to our geographical position. We are a long distance from the markets which our manufactured goods must find in Ontario and Quebec. Manufacturing industries in the Atlantic provinces which sell goods in the central provinces are at a disadvantage. They have to bear the extra cost of maintaining a sales force far from home, and the lack of a large local market to help set up the primary source of sales which is so important particularly to infant industries.

An example of the difficulties under which industry labours in the Atlantic area is to be found in the experience we have encountered in trying to coax into Nova Scotia the new rolling mill, which Dosco proposes to build on the St. Lawrence river east of Montreal. One of the most important markets for primary steel is that provided by the demand for cold rolled products. If Dosco's primary steel mill at Sydney is to enjoy stable markets in the future it is very important that the corporation build a cold rolling mill to process Sydney ingots. We from Nova Scotia have been pressing for the construction of the mill in Cape Breton Island. A new industry such as this would give a tremendous uplift to our economy.

However, Dosco insists that, to be economically successful, the mill must be located close to its potential market which would be in the Montreal area. It says that it is only one of several firms considering locating in Quebec and that if it does not move into the area, some other steel company will do so. Their position is that it would be of no advantage to Nova Scotia to have a cold rolling mill built in the province if in a few years Stelco or some other processor moved into Quebec, where it would be in a position to capture a large portion of the Quebec market. They also say that transportation difficulties are not the only problem since, while transportation subsidies might equalize prices for a company manufacturing in Nova Scotia, the company in Quebec, as a local industry with its headquarters in the area, would have a distinct selling advantage and be able to offer better delivery service and more convenient contact for custom and special work.

If there is any way in which these difficulties can be overcome, the construction of the proposed rolling mill in Cape Breton would go a long way towards solving our present coal industry crisis. But if the mill must, for economic factors beyond control be built at Contrecoeur or some site along the St. Lawrence, then it is vital that special transportation assistance be provided to carry primary steel from Sydney to the rolling plant, wherever it may be built.

The Atlantic provinces in general have been very pleased with the special help which has been provided since 1957. The Atlantic adjustment grants are in themselves an example of this. Over-all grants to the Atlantic provinces, conditional and unconditional, have doubled since 1957. Moreover, other provisions of this government, although not specifically designed for the Atlantic area, will be of great benefit to my province. I refer to such projects as the vocational training program. Only the other day the premier of Nova Scotia announced the building of a vocational training school on Cape Breton Island. It is a school in connection with which

there will be no need for assistance from the municipalities. This will be of great help in training men in the eastern part of Nova Scotia. However, in order to strike at the root of the problem of seasonal unemployment in Nova Scotia we need more than anything else to develop more manufacturing industry. Only manufacturing can provide us with the steady year-round employment which we need in order to give stability to our economy.

We can have manufacturing industry if in some way we are able to equalize the profits that an entrepreneur can earn in Nova Scotia, or any other province in the Atlantic area, and those available to him in the other provinces. Regardless of transportation subsidies which we must have and regardless of other aid which may be made available to the Atlantic area, unless we can provide as great a profit to a manufacturer in the Atlantic area as he can find in the more populous areas of Canada then we will have a difficult time in establishing industry there.

As was pointed out by the hon. member for Cumberland we need special assistance to help us in the financing of industries in the Atlantic area. It is not as easy to provide financing for manufacturing there as it is in other areas. We should like to have that special help in a manner suggested in the bill presented by the hon. member for Cumberland. We also need tax concessions to help us equalize profit opportunities in the area. Because of transportation and other difficulties it is not possible to earn the same ratio of profit. Therefore it does not seem fair to me that a company in the Atlantic area faced with all the obstacles involved in manufacturing there should have to pay as high a corporation tax as do manufacturing companies elsewhere in Canada. If we could say to the owner of a company that might locate in the Atlantic area that even though his profits might be lower, he would have a lower rate of corporation income tax to pay over the period he would be in the area, I am sure this inducement would mean the difference between his company locating in our area as against a more populous or more geographically-favoured region of the country.

I feel it is only through the establishment of industry in that area with the help of transportation subsidies and the availability of industrial credit and above all of tax concessions to equalize profit opportunities that we can overcome the far-reaching problems of the Atlantic area in relation to the attraction and development of manufacturing industry.

As I have said, we from the province of Nova Scotia and from other parts of the Atlantic area are grateful for the consideration that has been given to our problems by the government to date. It is certainly quite a change from the attitude that existed in the period of which I spoke from 1925 to 1955 when so little progress was made in terms of providing new employment sources or potential in the Atlantic area. However, I suggest to the government that in taking further steps to help us become self-sufficient, and to help us earn our way in this great and expanding nation, nothing is more important than to encourage the development of manufacturing industry to provide employment in Nova Scotia and the Atlantic area. At this particular time when we in Nova Scotia are faced with the dire threat of mine closures it is more important now than at any other time that the government give all possible consideration to such concessions as will induce manufacturing industry to settle in the Atlantic area.

Hon. Paul Martin (Essex East): Mr. Speaker, while this bill is addressed to a particular section of the country from which I, like so many other hon. members of this house, do not come, all our interests are so interdependent that there could be nothing but encouragement for participation in this debate by hon. members who come from sections of Canada other than the maritime provinces.

I rise to speak in support of the principle and indeed much of the content of this bill because if there is any section of our country that needs the kind of assistance envisaged in this bill, it is the Atlantic provinces area. I refer to the four Atlantic provinces and particularly, perhaps, those on the mainland. I well recall the speech made in this house on Monday last by the hon. member for Gloucester (Mr. Robichaud) who outlined the economic conditions prevailing in the maritime provinces and indeed the remedies which he proposed encompassed many of the provisions of this bill. The discussion we had on that occasion had to do with a matter which in principle involved the recommendations contained in the operative parts of this bill.

We have heard from the hon. member who has just taken his seat and from various other hon. members who participated in the discussion on the previous occasion and from the hon. member for Gloucester today about the background of economic and social conditions in the maritimes at the present time which warrant our support of this measure. These matters should serve as notice to the government of not only the desirability but the vital urgency for the government to take measures more formidable than those now before us, not only to correct the situation in that section of the country but to deal with similar

conditions that prevail to a greater or lesser degree in every part of our nation.

The facts of the situation in the Atlantic provinces are these. Eighteen per cent of the labour force in the Atlantic provinces is out of work, according to the latest figures given to this house officially on Wednesday last.

Mr. Browne (St. John's West): May I ask the hon. gentleman a question? Does that figure not incude a high percentage of fishermen?

Mr. Martin (Essex East): In reply to my hon. friend let me say first of all that fishermen are not included in the figures. That was as a result of a decision taken by this government two years ago. In addition to that whether or not they are included, I do not know why my hon. friend in particular should regard fishermen as being less deserving of remedial legislation in the matter of unemployment than any other segment of the working force.

Mr. Browne (St. John's West): I do not.

Mr. Martin (Essex East): The point is that on the basis of the last available figures 18 per cent of the working force in the maritime area is out of work. That percentage is so much greater than the national average of 11.3 per cent as to give any hon. member of this house cause to be greatly concerned about conditions in the Atlantic provinces. There was an increase in the last reported figure of some 23,000 more Canadians out of work than in the previous reported period and of that 23,000 no less than 17,000 come from the Atlantic area. Those are alarming facts.

It seems to me this bill, which I should like to see receive immediate passage, is one which if implemented by the government would not immediately but would in the foreseeable future provide the kind of encouragement for the relocation of industry that might materially assist the maritime provinces. The immediate problem in the Atlantic area, however, is not covered by this bill. The immediate problem is that 2,800 miners will be out of work as a result of the shutdown of mines at the end of May. That is a matter of grave concern to everybody in the maritime provinces and particularly to people in places like Glace Bay, Sydney Mines and Waterford. It is a matter of serious concern to all people of Canada that at the end of May the mines will be shut down and at least 2,800 miners will be out of work in adition to those miners who are already unemployed.

When we realize the problem in regard to the relationship between the lack of certain skills and the availability of employment, we can well appreciate what this is going to mean in human terms to so many people in the Atlantic provinces and indirectly, on that account, to Canada as a whole. While this bill is commendable and touches upon the type of thing we have been advocating in our criticism of the government's program of double depreciation designed to assist areas of chronic unemployment, I should hasten to say this. The measure now before us will not solve the immediate problem that confronts the coal miners in the Atlantic provinces and in particular in the areas I have mentioned.

Of course, this bill is worthy of support because it highlights the weakness of the program announced by the Minister of Finance (Mr. Fleming) in his baby budget speech on December 20. In his only reference to unemployment the minister said that the government was going to try to meet the national emergency by a system of accelerated depreciation, particularly described as double depreciation, in order to assist industries in relocating and to encourage industries already established in areas of chronic unemployment to stay there. We have criticized the government's program of double depreciation because of its limited extent. A program of double depreciation that is to be in force for only one year is, of course, of no great consequence. I have made the statement—and it has not been challenged by the Minister of Finance—that the program will not bring one industry to one community in Canada. That being so—and it is supported by the evidence of those who have no political interest in making comments on the government's depreciation program—it reveals that the government is lacking in its approach to the whole problem of unemployment.

If the Minister of Finance, the Minister of Labour (Mr. Starr) and the Minister of Trade and Commerce (Mr. Hees) would come forward with a bill or an announcement based upon section 11 of the Income Tax Act, which would incorporate some of the provision, in this bill, we would not have the same substantial grounds for criticism of that measure as we have had, because in this bill the hon. member proposes a form of accelerated depreciation, but he also proposes loans to assist enterprises in reducing high unemployment. He proposes that there should be bank grants to acceptable persons or companies to be used in the establishment of or assistance to industrial enterprises. Bank loans and development loans are the things that are now being tackled and are part of

the crash program being undertaken in the United States in its program of accelerated depreciation.

This bill is valuable not only for what it proposes but for what it exposes, namely the weaknesses in the government's declared policy to meet the situation not only in the maritime provinces but throughout Canada generally. I could go on commending this bill, pointing out its good features and comparing them with the weaknesses and the wants of the government's own program; but so anxious am I, as are other hon. members in this party, to see this bill pass so that it can be used as a sanction on the government to take a more vigorous step to do something about this serious problem of unemployment that now obtains in the maritime provinces that I will not do so. These figures cannot be scoffed at; they cannot be ignored. When 18 per cent of the working force of the maritime provinces is out of work it is a matter of the gravest concern not only to that area but to everyone in this house. The government of the day, the Minister of Justice (Mr. Fulton) and other ministers in the house today, along with the minister without portfolio from Newfoundland should rise in their places—

Mr. Browne (St. John's West): Mr. Speaker, may I draw to the hon. gentleman's attention that I have been promoted to the office of Solicitor General?

Mr. Martin (Essex East): I did the minister a great injustice.

Mr. Lambert: What about the Minister of National Health and Welfare (Mr. Monteith)?

Mr. Martin (Essex East): I wish the Minister of National Health and Welfare had been here when we were discussing old age pensions earlier this afternoon.

An hon. Member: He was here.

Mr. Martin (Essex East): No, he was not here. I invited him to take part in the debate. I want to say to the hon. member I regret I referred to him as the minister without portfolio. Of course, I knew he was Solicitor General. It was only because one is tired at the end of a long week that one makes these errors. I wish to say that the hon. gentleman deserves a much more effective and important post than that of Solicitor General. I would have hoped that the government would recognize the maritime provinces by using not only the Minister of National Revenue (Mr. Nowlan) from that area but also the productive capacities of the Solicitor General who could add to his general legal knowledge, his knowledge of the maritimes and of Newfoundland and push this slow-moving government into action. I hope the Solicitor General will take part in this debate for one minute, because we want this bill to pass today. I hope he will give it his support and urge on his colleagues the adoption of policies that have been proposed by private members of the Conservative party based upon recommendations made by Liberal members of parliament from the maritime provinces.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to congratulate the mover of this bill, but we should like to draw to the attention of the hon. member the fact that this bill should apply not only to the four maritime provinces but to all of Canada. The need is as great in a number of other mining areas as it is in the maritimes. I presume the maritimes are generous enough to give us the opportunity of receiving the benefits that they and other parts of Canada also need very badly.

I hope we shall have the opportunity of amending this bill when the appropriate time comes.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, I do not want to talk out this bill because it is a very important one. I see the time is getting short, but I do want to indicate my support of this measure and to make one or two observations with regard to my own province. There is nothing in this bill that has not been proposed on many occasions in the past. If we are to put this bill into effect we must realize that, however desirable it is to attract industry to the maritime provinces, the economic laws cannot be completely ignored. In my opinion, a rational program will first of all utilize the resources that are available in any particular area. In my own province, of course, the main industry is fishing and I think a great deal could be done to modernize this industry, to improve marketing and to reduce the cost of operations.

As far as manufacturing industries are concerned, of necessity they must be on a small scale. There again, they should utilize the skills and materials that are available there. I should like to recall to the house that in the early days the great industry in the maritimes was shipbuilding. We have a great tradition in the building of ships, and great skills not only in building them but in managing them and sailing them. A great deal of our prosperity in days gone by was based on that fact alone. We need a shipbuilding industry in Canada, and I think that is one thing that should be given much more encouragement than is the case at present. It is all right to concentrate the shipbuilding industry in one or two places but this is something that the maritime provinces can

do as well as or even better than other parts of Canada. I should like to see a special shipbuilding program introduced particularly for the benefit of the maritime provinces.

I am going to take only another minute to say that whatever are the industries we establish in the maritime provinces and in my own province in particular, they will not survive unless something is done about transportation because over the years every industry that we have managed to get started has foundered on transportation costs. I am speaking from memory but I do not believe that the bill makes provision for any special concessions for industries in the maritimes with regard to freight rates. That is an absolute "must" if we are going to do anything of a concrete nature.

I think it is shortsightedness on the part of big business in other parts of Canada not to realize that a nation cannot exist, as our deputy minister of economic development said a short while ago, half rich and half poor. It is in the interests of the richer provinces to spend some of their money in developing industries in those provinces which are not so well off, thus raising the standards in those provinces. In my own little province of Newfoundland we already constitute a market with a value of some $250 million for the central provinces. This could be expanded to a billion dollar market if industries were developed in our province even to a small extent. I do not want to take any more time. I hope that the government will take the bill seriously and that it will be given swift passage through the house.

Hon. W. J. Browne (Solicitor General): Mr. Speaker, the hon. member for Essex East (Mr. Martin) was good enough to suggest that I make a few observations with regard to the bill.

Mr. Robichaud: Don't talk it out.

Mr. Browne (St. John's West): He asked me to avail myself of a minute at least in order to say something but I could not in a minute or even in an hour do justice to the valuable contributions which the government has already made to the Atlantic provinces in the three and one half years we have been in office.

Mr. Martin (Essex East): Let us pass this bill first.

Mr. Browne (St. John's West): The hon. member for Essex East was a member of a government that ruled this country for 22 years. It has been said that in the short time we have been in office we have done far more beneficial things for the Atlantic provinces than the Liberal government did in all the time they were in office. Let me mention three or four of the salient things that have been done by parliament on the recommendation of the government since 1957. The hon. member will recall distinctly the dominion-provincial conference which was called in November of that year.

Mr. Robichaud: On a point of order, Mr. Speaker, the bill before us has to do with the distribution of industry.

Mr. Deputy Speaker: It seems to me that one might put forward an argument for or against the bill on the basis of whatever measures the government has or has not adopted. The hon. member will also appreciate that he discussed the problem of double depreciation as having a relation to the bill. It seems to me that the minister may also draw an argument from other measures.

Mr. Browne (St. John's West): I would point out that I believe these things are very important so far as the discussion of the bill is concerned. I was going on to say that we gave the Atlantic provinces $25 million a year for four years; and at the recent dominion-provincial conference it was arranged that this amount would be increased by $10 million which will enable the Atlantic provinces to do things they could not possibly do otherwise. This grant to the Atlantic provinces provided a tremendous lift when it was given. We also gave them loans to assist in the construction of transmission lines for electricity and for the development of electricity through the use of coal and the construction of interconnecting lines. I have in mind a statement I have quoted before by the president of the Atlantic provinces economic council to the effect that this action saved millions of dollars. He referred to a figure of $60 million. This action was of tremendous value to the Atlantic provinces.

Mr. Robichaud: Will the minister permit a question? What is the government going to do about the 2,800 miners who are going to be laid off?

Mr. Browne (St. John's West): I cannot deal with everything in a minute. I promised to speak for only a minute or two. With regard to my own province of Newfoundland, the federal government offered to assist the government of Newfoundland in the construction of a transmission line from Bay d'Espoir on the south coast of Newfoundland to Grand Falls and Corner Brook which would cost $13 million and was prepared to give the government of Newfoundland 40 years in which to pay for it at a low rate of interest of a little over 5 per cent. If that

is not offering assistance to the Atlantic provinces and enabling them to establish industries which they could not otherwise establish without access to such a valuable source of electrical power, I do not know what is.

The hon. member for Gloucester (Mr. Robichaud) comes from New Brunswick and he knows that the former government which he supported would not assist the government of New Brunswick by way of loans to help them in the construction of the Beechwood project.

Mr. Robichaud: Give us a chance to pass the bill.

Mr. Browne (St. John's West): This government has assisted the province of New Brunswick.

Mr. Robichaud: Don't let the minister talk out the bill.

Mr. Browne (St. John's West): I should also like to point out—

Mr. Robichaud: Don't talk it out.

Mr. Deputy Speaker: Order. I see it is six o'clock.

Mr. Robichaud: A cabinet minister has talked out the bill.

Mr. Martin (Essex East): Would there be any disposition to carry on for a while in order to pass the bill?

Mr. Nowlan: The same disposition that you showed at noon today.

Mr. Browne (St. John's West): I do not think I should carry on because it would take me a long time to speak about all the things I might mention.

Some hon. Members: Six o'clock.

Mr. Deputy Speaker: Order. I have heard hon. members call it six o'clock.

Mr. Robichaud: Pass the bill.

Mr. Deputy Speaker: Order.

BUSINESS OF THE HOUSE

Mr. Robichaud: Will the minister give us the business for Monday, Tuesday and Wednesday?

Mr. Nowlan: Mr. Speaker, last night the house leader gave the order of business for Monday, Tuesday and Wednesday, possibly subject to some slight change. That has been the usual procedure, and there is no change from the order of business which he announced last night.

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

ANSWERS TO QUESTIONS

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

NATIONAL DEFENCE—CONTRIBUTION TO ROAD PAVING, PARENT, QUE.

Question No. 123—**Mr. Argue:**

1. In 1959, did the Department of National Defence contribute in any way to the cost of paving approximately one mile of the main road through the village of Parent, Laviolette county, Quebec, including the raising of several manholes of existing sewers?

2. If so: (a) for what reason? (b) what was the cost involved to the Department of National Defence? (c) who was responsible for the work carried out in regard to (i) planning (ii) supervision (iii) actually doing the work? (d) in the event that the Department of National Defence was responsible for any item under (c), why was the department thus responsible?

Answer by: **Hon. D. S. Harkness (Minister of National Defence):**

1. Yes.

2. (a) To improve the road access to R.C.A.F. station Parent.

(b) $42,792.92 with the village of Parent committed by an agreement, dated June 17, 1958, to contribute 25 per cent of this amount.

(c) (i) Department of National Defence.
(ii) Defence Construction Limited.
(iii) Paquin Construction Company, Val D'Or, P.Q.

(d) The requirements for suitable road service to station Parent could not be met by the resources of the local municipal authority. Recognizing a measure of responsibility for the condition of the street and in the interests of economy and efficiency, the Department of National Defence by agreement with the village of Parent undertook the rebuilding and surfacing of that portion of the village street which forms part of the access road to station Parent.

AUTOMATIC CROSSING PROTECTION, EDINBURGH DRIVE, MONCTON

Question No. 146—**Mr. Creaghan:**

1. Did the board of transport commissioners for Canada receive an application from the Department of Public Works of the province of New Brunswick for the installation of automatic protection of the railway level crossing at Edinburgh drive in the greater Moncton area?

2. If so, when was the request received, and what is the present status of the same?

3. If a grade separation was requested instead of automatic protection, to what extent would the board authorize a grant from the railway grade crossing fund, and how would the balance of the cost be apportioned, including future maintenance?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

The board of transport commissioners for Canada advise as follows:

1. Yes.

2. The New Brunswick department of public works submitted a letter to the board dated February 3, 1961 requesting that automatic protection be installed at the level crossing across the Canadian National Railways at Edinburgh drive in greater Moncton area and by letter dated February 23, 1961 withdrew its request for protection at this crossing, advising that the department proposes to make an application for a grade separation at this location.

3. The board may authorize a grant from the railway grade crossing fund to the extent of 80 per cent of the cost of constructing a grade separation which will eliminate an existing level crossing which has been in existence for at least three years not to exceed, however, the sum of $500,000. If the total cost of constructing a grade separation does not exceed $625,000 and if a grant is authorized from the railway grade crossing fund to the extent of 80 per cent of the cost of construction, the railway company is required to pay 5 per cent and the highway authority having jurisdiction over the highway is required to pay 15 per cent, all in accordance with section 9 of the board's general order 848. If the total cost of a grade separation is in excess of $625,000, the board may authorize a grant from the railway grade crossing fund, not to exceed $500,000, with the balance of the cost to be borne and paid by the railway company and the highway authority in accordance with agreement reached between the railway company and the highway authority, or as the board may direct. The cost of future maintenance of such grade separation would be borne by the highway authority in the case of an overhead bridge and by the railway company in the case of a subway.

HOUSE OF COMMONS

Monday, March 27, 1961

The house met at 2.30 p.m.

PRIVILEGE

MR. MALONEY—REFERENCE TO EVIDENCE GIVEN IN MAGISTRATE'S COURT ON MARCH 22

Mr. Arthur Maloney (Parkdale): I rise on a question of privilege personally affecting me in my capacity as a member of this house. The question of privilege arises out of newspaper and radio publicity concerning evidence which was given on Wednesday, March 22 last in magistrate's court in Toronto during the course of a preliminary inquiry conducted by His Worship Magistrate Joseph Addison into charges against three men, Mr. Robert J. Wright, a former constable of the Ontario provincial police, Mr. Joseph McDermott and Mr. Vincent Feeley.

Among the charges facing these three gentlemen are charges of conspiracy to bribe a police officer and conspiracy to pervert the administration of justice. The witness whose testimony was given the publicity to which I now refer is an officer of the Ontario provincial police named Scott, who is represented as being an undercover agent of the Ontario provincial police and who purports to have kept notes of conversations he had with each of the three accused. Part of the conspiracy which the crown seeks to establish in this case is that the accused tried to bribe officer Scott in order to obtain information as to raids proposed to be made by members of the police force against a number of alleged gaming houses.

During the course of the preliminary inquiry into these charges one of the documents filed as an exhibit was a brief which I am informed contains instructions designed to facilitate a successful prosecution of an alleged gaming house known as the Ramsey club in Niagara Falls, Ontario.

The crown alleges that the brief was prepared at the instance of the accused who were interested in securing a conviction against the then proprietors of the Ramsey club in the hope that a competitor in the gambling business would thereby be eliminated. During the preliminary hearing on Wednesday last, March 22, police constable Scott, while giving evidence as a witness for the crown and while being questioned by counsel for the crown, testified with reference to conversations that he alleges he had with the accused ex-police officer Wright. The evidence he gave on that occasion with reference to the alleged conversations with respect to the brief I have mentioned is as follows. I quote briefly from the transcript when he was being questioned by counsel for the crown on that occasion, and it reads as follows:

Q. What, if anything, did Wright say on this occasion to you, as to any activities of his when he had been on the force?

A. Well, for one thing, he referred to a brief. This brief was common knowledge to both Wright and myself, and dealt with a set of instructions, how to go about prosecuting what we call the old Ramsey Club at Niagara Falls.

Q. And when you say the brief had been common knowledge to you and Wright when Wright was on the force, why had it been common knowledge to you?

A. Well, Wright saw this brief, and I saw this brief, and we both acted upon it, along with other officers of the branch, in an attempt to prosecute that club.

Q. This was, I take it, a typed brief, with details as to how to obtain a conviction against the old Ramsey club?

A. Yes, sir.

Q. And that had been seen by each of you, when Wright had been on the force?

A. Yes, sir.

Q. When you say the old Ramsey club, are you referring to, from your knowledge, the Ramsey club in its location and alleged management referred to here, or some other club?

A. Different management, sir.

Q. Yes, and prior to the present Ramsey club?

A. Yes, sir.

Q. Yes, well I have interrupted you.

A. He went into—he told me that this brief was drawn up by lawyers, and also, or included in which was Dave Humphrey, and also he—Wright himself, in composing this brief, and the way he described to me—the way this brief got into the anti-gambling branch—in that he said the brief was given to Fred Maloney, the federal member of parliament, who gave it to Jim Maloney, the minister of mines in Ontario, who in turn gave it to Inspector Stringer of the Ontario provincial police, and Inspector Stringer gave it to Sergeant Anderson of the anti-gambling branch.

Q. And, speaking from your knowledge, apart from what Wright told you, you have indicated that the anti-gambling branch did, in fact, receive a brief, as you have described?

A. Yes, sir.

Mr. Speaker, the first point to be observed is that my name is not used at all. While officer Scott was giving this evidence he was referring, I suppose in order to refresh his memory, to the notes he alleges he kept of the conversations he professes to have had with ex-officer Wright. An examination of the notes to which he was referring as he gave his evidence reveals likewise that my name does not appear in them at all but refer to

someone else altogether; and the minister of mines for Ontario is designated as "Jim Malone". I will not mention the name of the other person referred to in these notes in the hope that I will help put an end to the character assassination that was commenced when this evidence was given in court. Some of the newspapers, however, for reasons best known to themselves, saw fit to take the liberty of inserting the name "Arthur Maloney" when in fact it had not appeared at all, and this was the news report that went across the country.

As someone who has tried to build up an honourable reputation in this place it seems to me that those responsible took an inexcusable licence with my name.

To their credit, there were certain newspapers and radio stations who, doubtless shocked that such gossip should be admitted in evidence at all in a court of law, refrained from mentioning any names in their press reports. The Ottawa *Journal* and the *Globe and Mail* of Toronto so far as I am aware are cases in point. This is true also of radio station CFRB in Toronto. And the *Globe and Mail*, so far as I am aware, is the only newspaper that took the precaution to refer to the fact that the name "Arthur Maloney" was not used in court at all.

Because, however, of the wide publicity given to the matter and to the suggestion contained in this publicity that my brother and I had seen the brief, I asked and received permission from Magistrate Addison to appear before him on Friday morning last, March 24, to make a statement both on my own behalf and on behalf of my brother, who is indisposed. I stated to His Worship then and I repeat now that neither he nor I at any time heard of such a brief or saw such a brief. It was never at any time delivered to me, nor did I at any time deliver it to him. It has in fact never been in the possession of either of us. To this day I do not even know what the document looks like.

I think I am bound to say that crown counsel in cases such as this has to assume the responsibility of not leading evidence in a public courtroom that is not only inadmissible and irrelevant but contrary to what he knows to be the facts, especially when it involves the use of names that are bound to receive wide publicity.

Why this piece of false and unfounded gossip was admitted at all as evidence is something that I will never be able to understand. Crown counsel last Friday attempted to undo the wrong that had been done by saying this in court:

> Although the stories that had been passed to me as to how this brief came to Inspector Stringer were conflicting; that that did not support an allegation by Wright to Scott that it had gone through the hands of Arthur Maloney or his brother, but were inconsistent with them.

In other words, Mr. Speaker, crown counsel has admitted that the facts in his possession contradict the suggestion that the brief was ever in my possession or in that of my brother. Among other things Mr. Ford said on this occasion were these:

> Your Worship, first, I am very happy to say Mr. Maloney's reputation is, as we all know, completely untarnished, and I think this is an unusual opportunity extended to him. I feel it should be and I for one am happy to accept, as I would always be happy to accept, his personal say.

During the course of my presentation to His Worship the magistrate I complained about the failure of crown counsel to have informed the court that there was no evidence whatever to establish the unfounded statement that the brief had ever come to me or to my brother. Thus, on Friday, Mr. Ford stated as follows:

> Now, my learned friend, Mr. Maloney, suggests that in addition to the statement made by the crown yesterday, that a statement ought to be made that there was no evidence to support any innuendo—first of all, there is no innuendo, and it's not part of the crown's case that my learned friend, Mr. Maloney or his brother are in any way implicated in this case.

In the concluding part of his statement to the magistrate Mr. Ford said:

> On behalf of the crown, and with respect to the court, I was happy to accept Mr. Maloney's statement that he, personally, and through him, his brother, had no part in this. I say again that I accept his statement, that there was never, at at any time, any intended innuendo that they had any part in any way in the matter involved.

In conclusion, Mr. Speaker, in view of what I think was a grave injustice done both to me as a member of this house and to my brother, I had no alternative but to rise today on this question of privilege to set the record straight, in the hope that those who caused the injustice will see to it that what wrong they have done is now set right.

HOUSE OF COMMONS

CONGRATULATIONS TO PRIME MINISTER ON 21 YEARS AS MEMBER

Mr. L. E. Cardiff (Parliamentary Secretary to the Minister of Agriculture): Mr. Speaker, I should like to inform the house that our Prime Minister is now fully grown, in that he has now served 21 years in the House of Commons.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, when I entered the house this afternoon and noticed all these artificially coloured carnations—perhaps the hon. member for Halton will tell us why blue carnations cannot be grown—I knew that something important had happened. I

have since learned that this is an important anniversary for the Prime Minister, and we wish him well. There have been times in the past when I have thought his entry into the house was not an occasion for celebration, but we do wish him well on the occasion of achieving, in a parliamentary sense, his majority.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to associate this group with the remarks that have already been made in acknowledgement of the fact that today is the 21st anniversary of the election of the Prime Minister to the House of Commons. The Prime Minister has had a very important and distinguished political career in the house, and while we do not always agree with the statements he makes from time to time I think we can associate ourselves with others in wishing him well in the years to come.

As I recall the order of precedence, I believe I am right in saying there are only three members in the house who have been here longer than the Prime Minister. Although, as I have said, we do not agree with him very often on many controversial questions, I should like to say that the people of Saskatchewan take great pride in the fact that a person from that province has had such a very distinguished career in the House of Commons.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, may I say to the hon. member for Huron, the Leader of the Opposition and the hon. member for Assiniboia how very deeply I appreciate what they have said.

POWER

COLUMBIA RIVER—REPORT ON MEETINGS WITH B.C. PREMIER

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, perhaps the house might be interested in a brief report on the meetings I had in Victoria, B.C., on Friday and Saturday last with Premier Bennett concerning the financing of the Columbia river project.

I met with the premier on Friday morning, that meeting being attended only by the premier and myself. In the afternoon we had a further meeting in which one official on each side also participated, and I had a further opportunity for discussion with the premier more briefly on Saturday evening. The discussions were conducted in a very cordial atmosphere which enabled the exchanges to be carried on in a very candid manner.

I think the meetings did prove to be thoroughly useful. They covered very wide ground. It may be said that the discussion was comprehensive.

On my arrival on Thursday evening Premier Bennett presented me with a letter in which he set forth two alternative proposals. These two proposals, along with the federal government's proposal which I had submitted to the prime minister by a letter dated December 6, 1960, were very thoroughly discussed. The representatives of both governments, Mr. Speaker, declared their common purpose of bringing about the implementation of the project as quickly as possible. Further studies will be required in the light of the discussions. These may be expected to be followed in due course by further communications between the two governments. The desirability of the earliest possible commencement of work on the Columbia river project has been acknowledged by both governments.

For the convenience of the house, I should like to table the letter dated March 23 written to me by Prime Minister Bennett and to which are attached the alternative proposals which he submitted on behalf of the government of British Columbia, and also a copy of my letter to Prime Minister Bennett of December 6, 1960. This latter letter has already been brought to the attention of the house, I believe, but if there were any thought of having these communications printed as appendices to today's proceedings it might be convenient for hon. members to have both communications printed together.

Mr. Speaker: Is it the pleasure of the house that the documents submitted by the Minister of Finance shall be printed as appendices to today's *Hansard*?

Some hon. Members: Agreed.

[*Editor's note: for text of letters referred to above, see appendix.*]

Hon. L. B. Pearson (Leader of the Opposition): We on this side have listened with some interest to the minister's report on his recent visit to British Columbia and the steps he has taken on behalf of the federal government to clear up certain difficulties between the provincial and federal governments which stand in the way of consideration by this House of Commons of the Columbia river development treaty with the United States. Apparently these difficulties are to some extent financial, and to some extent arise out of certain doubts the British Columbia government has about some of the aspects of the treaty. It is unfortunate that these difficulties could not have been cleared up before the treaty was signed and which,

since, has been ratified by the United States. In so far as progress has been made as a result of the minister's visit, I suppose he can consider the time well spent in British Columbia.

Mr. H. W. Herridge (Kootenay West): We appreciate the report of the Minister of Finance on his visit to British Columbia and his conversations with the prime minister, as he called him, of British Columbia. The minister has given us some details concerning his efforts to navigate the swirling kilowatts of the Columbia.

However, this matter is of increasing concern in British Columbia, as is evidenced by the recent announcement of the British Columbia chambers of commerce and the university provincial research council that they are not in favour of ratification of the treaty in its present form. They urge further study and delay before ratification is considered.

TRADE

REPORT ON CONSULTATIONS WITH HONG KONG AUTHORITIES

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the house might wish to have a report concerning the team of officials who went to Hong Kong to discuss trade relations between Hong Kong and Canada. A question was asked by the Leader of the Opposition last Wednesday in this regard. I reported to the house that a group of government officials would visit Hong Kong for the purpose of discussions with the Hong Kong authorities in regard to trade relations between the two countries.

The purpose of these consultations was to exchange views on the difficulties which had arisen in Canada owing to a rapid increase in imports from Hong Kong concentrated in particular in certain textile products, and to ascertain whether the Hong Kong authorities would be willing to impose voluntary export controls on these products similar to the controls maintained by the Japanese government in order to ensure that their participation in this market proceeds on an orderly basis.

Canadian officials described the difficulties which had arisen in the past few years as the result of a rapid and concentrated increase in imports from Japan and Hong Kong, and explained that on the items in which Hong Kong exports to Canada were concentrated Japan was applying export restraints, and had been for several years.

The recent rapid increases in exports from Hong Kong of certain products tended to undermine the effectiveness of the Japanese restraints. The Japanese authorities had intimated that it would be difficult for them to restrain the growth in their own exports of these products if exports of the same products from Hong Kong were not subject to any restraint. The Canadian officials made it clear that Canada had no desire to curtail the total level of Hong Kong's exports to Canada, but that some method would have to be found for avoiding the concentration of these exports in items where the Canadian market was being disrupted. In the Canadian view the solution which would be most satisfactory for both sides would be a system of voluntary export restraints applied by the Hong Kong government.

While the Hong Kong authorities recognized the nature of the Canadian problem, they could not consider it in isolation from their relationships with other important trading countries. They made it clear that they were not willing at this time to introduce a system of voluntary restraints in respect of their exports to Canada.

The discussions with the Hong Kong authorities were friendly and cordial throughout. The Canadian government appreciates the many problems, political as well as economic, which Hong Kong has to face. I believe the Hong Kong authorities understand the difficulties created for certain Canadian industries by the rapid increases in imports which have occurred.

In the light of these discussions it will now be for the Canadian government to consider what steps need to be taken, bearing in mind the need for avoiding disruption in the Canadian market and the system of voluntary restraints on exports to Canada maintained by Japan.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to thank the minister for his statement to the house on this somewhat difficult subject of trade in certain items from Hong Kong. There is one regrettable feature in this that I think it is desirable we should not lose sight of, however great the problem may be at the time. That is, that the proposal, perhaps of necessity, of the Canadian government in this particular context had to be a negative one and does not really go to the ultimate solution of the problem created for certain industries by this excessive and rapid increase of exports in certain products from Hong Kong.

Perhaps I should not enlarge on this subject at the moment because I would be getting into the realm of debate. However, I do want to point out that factor in the minister's statement and suggest to him that when this problem is receiving the attention of the Canadian government it should bear in mind the necessity for longer term, positive

approaches in this field as well as any negative steps that may be necessary at this moment.

WATER RESOURCES

OTTAWA RIVER—BOARD TO STUDY STORAGE AND FLOW REGULATION

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, in the latter part of 1957 the dominion government approached the governments of Ontario and Quebec to inquire whether they would join in a study of the existing storages on the Ottawa river and the possibilities which these afford for regulating the flows of these waters in conjunction with those of the upper St. Lawrence for the benefit of all interests affected.

In making this proposal the federal government indicated that such an engineering study would assure that full attention would be given to all navigation, power and riparian interests on the Ottawa river in Quebec and Ontario in a manner consistent with the regulation of the outflows of the international section of the St. Lawrence river. The latter are, as hon. members know, under the jurisdiction of the international joint commission.

I am pleased to inform the house that the governments of Canada, Ontario and Quebec have agreed to establish a three-man technical board to be known as the Ottawa river engineering board to study the storage and regulation possibilities in the Ottawa river basin from the viewpoint of all the interests affected. The federal member of the board will be Mr. T. M. Patterson, director of the water resources branch of my department. Ontario and Quebec members will be designated by those provinces.

The first assignment of the board will be to submit to ministers for approval terms of reference covering the study. It is of course understood that arrangements will be made by my department to ensure adequate and full discussion with representatives of interested federal departments and agencies.

STANDING ORDERS

CONCURRENCE IN EIGHTH REPORT OF STANDING COMMITTEE

Mr. N. L. Spencer (for Miss Aitken) moved that the eighth report of the standing committee on standing orders, presented to the house on Thursday, March 23, be concurred in.

Motion agreed to.

Railway Act

RAILWAY ACT

AMENDMENT RESPECTING TRANSPORTATION OF MEMBERS' FAMILIES

Mr. J. S. Speakman (Wetaskiwin) moved for leave to introduce Bill No. C-79, to amend the Railway Act.

Some hon. Members: Explain.

Mr. Speakman: Mr. Speaker, the purpose of the proposed amendment is as follows. Section 351 of the Railway Act now provides that members of the Senate and the House of Commons of Canada are entitled to free transportation, with their baggage, on all railway lines in Canada. The amendment will add to section 351, following the word "Canada", the words:

—and dependent members of their families.

The new section 351 will then read:

Members of the Senate and the House of Commons of Canada, together with dependent members of their families, with their baggage ...

—are entitled to free transportation on all railway lines in Canada. Such an amendment will do away with the present necessity of members asking each time for rail transportation for dependent members of their families, and will allow for provision of a card to these dependent members of families similar to that now furnished to members of the other place and members of the House of Commons.

Motion agreed to and bill read the first time.

FISHERIES

STATEMENT BY MR. SPEAKER RESPECTING BILL NO. C-76

Mr. Speaker: Perhaps the house would permit me to call attention to an omission or error of the Chair and ask for the indulgence of the house. It arose in a similar circumstance, where an hon. member had risen to ask leave to introduce a bill, namely on Wednesday, March 22, when Bill No. C-76 was given first reading, just as we have given first reading at this moment to another bill.

If I had performed my duty at that time I should have called the attention of the house to the fact—which I did not actually know, but I should have known, in my responsibility for the form in which matters come before this house—that the bill is designed to do only one thing; that is, to repeal and re-enact the Fisheries Act. In other words, it does not propose any legislation but it is simply a repeal and re-enactment of a statute now on the books, and accomplishes nothing whatever in a legislative way.

That, I think, should have been brought to the attention of the house by me, if it was not done otherwise, so that a point of order might be considered as to whether the bill presented and read the first time is, in fact, legislation within the practices of the house. Certainly a bill of that kind has never been introduced before in my experience, either in this or in any other house as far as I am aware.

I do not think further action on my part is necessary now, but I point out the omission on my part so as to bring the problem to the attention of the house in order that hon. members may consider what course should be taken.

The house has read the bill and ordered it for second reading, but I do think I should call attention to the course which the house adopted at a time when it did not have the bill in its hands and could not have known what it was undertaking.

MOTIONS FOR PAPERS

RED RIVER FLOOD CONTROL

Motion No. 88—**Mr. Chevrier (for Mr. Pickersgill):**

For a copy of all correspondence exchanged between the federal government or anyone on its behalf and the government of Manitoba or anyone in its behalf since July 1, 1958, regarding the Red river floodway.

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): There is no objection to accepting this motion subject to the permission of the province being obtained, the usual provision regarding privileged documents, and an understanding that documents relating to matters under negotiation cannot be tabled at this time.

Mr. Speaker: Subject to the limitations expressed by the minister, is it the pleasure of the house to adopt this motion?

Motion agreed to.

SARNIA INDIAN RESERVE—CLAIM OF CHIEF ADAMS

Motion No. 89—**Mr. Chevrier (for Mr. Pickersgill):**

For a copy of any communications received by the minister, or the Department of Citizenship and Immigration, or any official of that department, since November 1, 1960, regarding the claims of Chief Telford Adams, in connection with the sale of the Sarnia Indian reserve to Dimensional Investments Limited, together with copies of the replies to any such communications.

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): This motion can be accepted subject to the usual reservation that the consent of the government of Ontario be obtained.

[Mr. Speaker.]

Mr. Speaker: Subject to the limitation expressed by the parliamentary secretary, is it the pleasure of the house to adopt the motion?

Motion agreed to.

INQUEST INTO DEATH OF JOHN WASLYCHEN

Motion No. 90—**Mr. Howard:**

For a copy of all correspondence, telegrams, and other documents exchanged between the government or any agency or branch thereof and any official or staff member of the penitentiary branch since January 1, 1958, regarding the death of an inmate in the British Columbia penitentiary, Mr. John Waslychen, and for a copy of the results of the inquest into Mr. Waslychen's death.

Hon. E. D. Fulton (Minister of Justice): I have to advise the house that I am not able to accept this motion because it calls for the production of documents which have always clearly been regarded as privileged, inasmuch as it asks for the production of documents exchanged between the government or any agency or branch thereof and any official or staff member of the penitentiary branch since January 1, 1958. I am not, therefore, able to agree to the motion. I would point out, however, that a copy of the inquest referred to was tabled in this house on April 28, 1960.

Mr. Speaker: Having regard to the explanation given by the minister, does the mover wish to withdraw the motion?

Mr. Frank Howard (Skeena): This matter has been hushed up in secret for too long. I think the motion should be pressed.

The house divided on the motion (Mr. Howard) which was negatived on the following division:

YEAS

Messrs:

Argue	Martin (Timmins)
Fisher	Pitman
Herridge	Regier—7.
Howard	

NAYS

Messrs:

Aiken	Browne (Vancouver-Kingsway)
Allmark	Campbell
Anderson	(Lambton-Kent)
Badanai	Campbell (Stormont)
Balcer	Cardiff
Baldwin	Cardin
Batten	Carter
Beech	Casselman, Mrs.
Bell (Carleton)	Charlton
Bell (Saint John-Albert)	Chevrier
Belzile	Chown
Benidickson	Churchill
Best	Clancy
Boulanger	Clermont
Bourdages	Coates
Bourque	Comtois
Browne (St. John's West)	

Creaghan	Maloney
Crouse	Mandziuk
Danforth	Martel
Deschatelets	Martineau
Diefenbaker	Matthews
Dinsdale	Michaud
Dorion	Milligan
Doucett	Monteith (Perth)
Dubois	Montgomery
English	More
Fairfield	Morissette
Fane	Morris
Fleming (Eglinton)	Morton
Flemming (Royal)	Muir (Lisgar)
Fulton	Nasserden
Green	Nielsen
Grenier	Noble
Grills	Nugent
Habel	O'Leary
Hales	Ormiston
Halpenny	Pallett
Hamilton (Notre Dame de Grace)	Pascoe
	Paul
Hamilton (Qu'Appelle)	Pearson
Harkness	Phillips
Hellyer	Pigeon
Henderson	Rapp
Hicks	Regnier
Horner (Acadia)	Richard (Kamouraska)
Jorgenson	Roberge
Jung	Robinson
Knowles	Rompre
Korchinski	Skoreyko
Kucherepa	Small
LaMarsh, Miss	Smith (Lincoln)
Lambert	Smith (Winnipeg North)
Legere	Southam
Letourneau	Speakman
Macdonnell	Spencer
MacEwan	Stearns
MacLean (Queens)	Stewart
MacLean (Winnipeg North Centre)	Tardif
	Tassé
MacLellan	Thomas
Macquarrie	Thrasher
MacRae	Tremblay
McBain	Villeneuve
McCleave	Walker
McGee	Webb
McGrath	Webster
McIlraith	Weichel
McMillan	White
McPhillips	Winkler
McWilliam	Wratten—138.

DEATH OF JOHN WASLYCHEN, B.C. PENITENTIARY

Motion No. 91—**Mr. Howard:**

For a copy of all correspondence, telegrams, and other documents exchanged between the government or any agency or branch thereof and any other person, organization, or government since January 1, 1958, regarding the death of an inmate, Mr. John Waslychen, in the British Columbia penitentiary.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, this motion is accepted, subject to the usual reservations, and that in the case of any correspondence with the government of a province, that government should first be asked whether it has any objection to the production of the documents.

Mr. Speaker: Subject to the explanation given by the Minister of Justice, is it the pleasure of the house to adopt the motion?

Motion agreed to.

Inquiries of the Ministry

CFCF-TV, MONTREAL—EXEMPTION FROM SECTION 14(1) OF ACT

Motion No. 92—**Mr. Chevrier (for Mr. Pickersgill):**

For a copy of the order in council passed pursuant to section 14, subsection 2 of the Broadcasting Act exempting station CFCF-TV, Montreal, from the requirements of subsection 1 of section 14 of the said act.

Motion agreed to.

TABLE OF DISABILITIES, PENSION ACT

Motion No. 93—**Mr. Herridge:**

For a copy of the table of disabilities used as a basis for assessing war disabilities in connection with the awarding of war disability pensions under the Pension Act.

Motion agreed to.

TENDER FOR GEAR SPEED REDUCERS, ST. LAWRENCE SEAWAY

Motion No. 94—**Mr. Hellyer:**

For a copy of the tender form and specifications for the supply of gear speed reducers for the vertical lift bridges, Welland canal, western district, the St. Lawrence seaway, of which the closing date for the bid was November 15, 1960.

Motion agreed to.

THE BUDGET

INQUIRY AS TO PROBABLE DATE OF PRESENTATION

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker may I address a question to the Minister of Finance. In view of the fact that in two days we shall adjourn for the Easter recess, and in view of the widespread interest in and importance of the subject, can the minister give some guidance to the house as to how soon after our return on April 10 we are likely to have a new budget and a statement of fiscal prospects?

Hon. Donald M. Fleming (Minister of Finance): All I can say is that the slow pace at which the business arising out of the supplementary budget has been moving through the house has greatly retarded the date of the main budget. At this present moment I am in no position whatever to give an indication as to the probable date or the probable period in which it may be possible to introduce the main budget.

Mr. Benidickson: May I ask a supplementary question. In view of the blue colour which is evident here today, and which has been typical of all the minister's budgets, including the baby budget, will he take some guidance from the colour offered by the hon. member for Niagara Falls (Miss LaMarsh)?

Inquiries of the Ministry

Mr. Fleming (Eglinton): Mr. Speaker, I might be more disposed to take an example from her colour than from some of the ideas that have been expressed from that quarter.

LABOUR CONDITIONS

PICTOU, N.S.—REQUEST FOR ORDER FOR RAILWAY CARS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister. Has the Prime Minister received a telegram from Robert MacNaughton, president of the united steel workers of America, following a public meeting of residents of Pictou county dealing with unemployment, and in particular asking whether the government could seek to obtain an order for the Eastern Car Company to produce railway cars?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I did receive such a telegram, and in a day or so I will give a reply thereto.

TRADE

URANIUM—STATEMENT ON ALLOCATION OF CONTRACT WITH UNITED KINGDOM

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Might I now give a reply to the question which was asked by the hon. member for Assiniboia (Mr. Argue) on Friday last in regard to uranium arrangements between the Eldorado Mining and Refining Company and the atomic energy authority of the United Kingdom. I have to ask leave of the house, because after the question was asked I promised to reply today, and I am now in a position to do so. The reply is naturally lengthy.

Mr. Speaker: Does the house concur in the request of the Prime Minister to make a rather extensive reply to the question asked by the hon. member for Assiniboia?

Mr. Pearson: Perhaps it would be better to revert to motions so that the right of reply, if required, can be preserved.

Mr. Diefenbaker: If that is the attitude of the opposition I do not choose to revert to motions, and the matter can stand over until tomorrow. I thought they wanted an answer today, but if they do not, that is all right. I decided to give the answer in the absence of the Minister of Trade and Commerce, who will not be back until tomorrow. If there is objection I will just postpone it until tomorrow.

[Mr. Benidickson.]

Mr. Hazen Argue (Assiniboia): Mr. Speaker, as the one who asked the question in the first place, I think it would be preferable if members of the opposition parties had a chance to make some comment. Nevertheless, I think the statement is of such importance that as far as I am concerned I am prefectly agreeable to the Prime Minister making the reply even though it is somewhat lengthy.

Mr. Speaker: Is the house agreed?

Some hon. Members: Agreed.

Mr. Diefenbaker: Mr. Speaker, I deferred the answer on Friday for a number of reasons, one of which was that the United Kingdom authority had advised that it planned to make a statement later that day. Another reason was the unavoidable absence from the house of the Minister of Trade and Commerce.

I shall start by reading this statement by the atomic energy authority of the United Kingdom, which sets forth in particular form the situation in this connection. I do so because of the fact that much has been said outside the house with respect to this matter, and much of the recital of what took place will answer the statements that were made to the effect that it was incredible, incomprehensible and shocking that this question had not been fully brought to the attention of the house. Those statements made by the Leader of the Opposition outside the house must have been made without a knowledge of the facts, particularly the fact that he himself was a member of the government which conducted the initial negotiations in April of 1957.

Mr. Pearson: "Initial".

Mr. Diefenbaker: Pardon?

Mr. McIlraith: He is just noting your language.

Mr. Diefenbaker: The Leader of the Opposition says "initial". May I add that they were the completed arrangements up to the time that the letters of intent had been given by the British government and accepted by the government of which the hon. gentleman was a member.

Mr. Pearson: On a point of order, Mr. Speaker, the Prime Minister is presumably answering the question asked by the hon. member for Assiniboia. He has brought me into the matter, however, and I hope I will be given the opportunity to reply to those statements made by the Prime Minister which concern me and not the question.

Mr. Diefenbaker: Mr. Speaker, the statement by the United Kingdom agency reads as follows:

The A.E.A.'s attention has been drawn to statements which have recently appeared about an exchange of letters which took place in 1957 between the authority and Eldorado Mining and Refining Limited about the purchase of 12,000 tons of uranium between 1963 and 1966. In 1958 the authority indicated that as a result of the changes in the United Kingdom nuclear power program they would like to renegotiate the terms of this arrangement. Since that time, and most recently in November, 1960, discussions have been held between the A.E.A. and Eldorado regarding the possibility of major adjustments in the program. The discussions between A.E.A. and Eldorado are continuing and it is expected that they will be resumed in London within the next few weeks. These discussions do not affect the authority's contract for 10,500 tons of Canadian uranium deliveries under earlier agreements which are proceeding.

I mention at this moment that shortly after these letters of intent were exchanged the United Kingdom government began to press for modification of their undertakings before a formal contract would be entered into, and these discussions have continued from time to time since. The exchange of letters referred to in the statement of the United Kingdom on the questions was between Sir Edwin Plowden, chairman of the atomic energy authority and W. J. Bennett, then president of Eldorado. They took place in March, April and May of 1957.

Sir Edwin asked Mr. Bennett if Eldorado would be prepared to supply 12,000 tons of uranium oxide between March 31, 1963 and December 31, 1966 at a price of $8 United States a pound, at which it would be available to Eldorado under the options for continued purchases from those holding production contracts with Eldorado under the United States procurement program. Mr. Bennett undertook that Eldorado would provide this amount on these terms, having secured United States agreement to release that amount of the options, and asked Sir Edwin to confirm that the United Kingdom authority would purchase it, and the latter did so. These undertakings were not reduced to the form of a contract; the correspondence commenced on March 29, 1957 and continued for some weeks thereafter between the president of Eldorado Mining and Refining and the British authority.

All these things took place just three days after a conference between the British and Canadian prime ministers in Bermuda, at which conference there were also other ministers present. These meetings took place on March 25 and 26, 1957. When anyone says he had no knowledge of this matter, I would point out that the ministers who accompanied Mr. St. Laurent were the then minister of trade and commerce, Mr. C. D. Howe, and the then secretary of state for external affairs, now Leader of the Opposition (Mr. Pearson). If there is still no knowledge of the matter I would refer to the annex to the press release, which reads as follows:

During the meeting approval was given to a large-scale contract for the purchase of uranium which will greatly assist in carrying out the expanded nuclear program in the United Kingdom. Under this contract the United Kingdom atomic energy authority will purchase, during the next five years, uranium to the value of about $115 million from the Canadian government agency, Eldorado Mining and Refining Limited, which in turn has entered into purchase contracts with Canadian mining companies. This contract has been worked out with the co-operation of the United States atomic energy commission and is similar in terms to the contracts by which that commission purchased uranium from the same agency.

Then there is this addendum:

The ministers also discussed arrangements to supply United Kingdom requirements for uranium fuel after this five-year period and agreed that further discussions on this matter should proceed between the agencies concerned.

That last paragraph was the basis upon which negotiations continued thereafter. These undertakings were not reduced to contract form as had been the case in the past. The reason for this was the fact that the United Kingdom found that its letter of intent covered a quantity of uranium far beyond that which it had expected to use and that the cost was much higher than it had expected. As a result the United Kingdom, for a year or so following the letter of intent, continued to negotiate with representatives of Eldorado.

This was the third transaction for the supply of uranium to the United Kingdom authority, as was made clear by Mr. Gilchrist in his evidence before the special committee on research early in March. The first was a contract for the supply of 11 million pounds or 5½ thousand tons prior to March 31, 1962, and was to be met by diversion from the contracts originally made to meet United States requirements. This was arranged among the representatives of the three governments. The second transaction was for the supply of ten million pounds during the year from April 1, 1962 to March 31, 1963, as part of the general program worked out with United States authorities. The first and second agreements required production contracts with Canadian producers and were part and parcel of the program for which Canadian production facilities were created and for which an allowance to amortize capital costs was included in the contracts.

The third transaction, that is the one in question before us, was an undertaking which did not require any immediate production contract as it could be met, if necessary, by

diversion from supplies under option as a result of the original United States contracts. Consequently there was no need to take action to implement it years before it was to commence; and this was the reason, I take it, the St. Laurent government of the day made no specific announcement of it at the time, other than a general reference to the subject in the communique issued at the Bermuda conference and which I have already placed before the house.

It has been said by Hon. Robert Winters, president and director of Rio Tinto Mines Limited, as reported in the *Globe and Mail* of March 25, 1961, that he was not aware that the hidden uranium contract had been signed with the United Kingdom on March 27, 1957, at which time he was a member of the Liberal cabinet. Then he goes on to explain that, in the first place, he could not remember the contract and, in the second place, even if he could he would not be able to talk about it.

Well, Mr. Speaker, I simply point out that after he ceased to be a minister of the crown he became, within a matter of a few days or a week, the head of this particular uranium firm. Within a few months thereafter the late Right Hon. C. D. Howe became a director of this company. Naturally these facts arouse a question amongst minds as to whether or not there might have been some communication on a question such as this, where letters of intent had actually passed.

However, within less than three months of this existing undertaking, in March, April and May of 1957, and before the undertakings made in an exchange of letters were embodied in detailed contracts, the United Kingdom government decided to stretch out and modify this nuclear power program for which it had been ordering Canadian uranium. The United Kingdom found, as I understand, that it had ordered much more than it was going to be able to use. As a result a representative of the United Kingdom authority informed Mr. W. J. Bennett of Eldorado early in 1958 that they would like to renegotiate the commitments made for the period 1963 to 1966. Sir Edwin confirmed this by letter. Discussions followed between a representative of the United Kingdom authority and Eldorado as well as between government officials, but as yet no agreement has been entered into.

Now, there has been some loose talk about concealment. I point out in this connection that on February 1, 1958 the then minister of trade and commerce and now Minister of Veterans Affairs (Mr. Churchill) said, as reported on page 4147 of *Hansard* for that date:

> As announced on March 26 last at the conclusion of the Bermuda conference, a contract with an approximate value of $115 million has been entered into with the United Kingdom atomic energy authority. Deliveries will be made over a period ending March 31, 1962, by diversion from existing contracts.

This contract is not the one in question, but it is the beginning.

> It was also stated in the joint communique issued following the Bermuda conference that consideration was being given to the supply from Canada of a substantial part of the uranium requirements of the United Kingdom atomic energy authority in the period after March 31, 1962. Arrangements have now been made whereby the United Kingdom atomic energy authority will obtain an additional quantity of uranium with an approximate value of $105 million. The delivery of this quantity will be made over the period April 1, 1962 to March 31, 1963, by a diversion from quantities now under contract which are scheduled for delivery in that period.

Then I underline these words:

> Negotiations are now under way with regard to the supply from Canada of a substantial part of the uranium requirements of the United Kingdom atomic energy authority over the period April 1, 1963 to December 31, 1966. These negotiations are proceeding satisfactorily, and Canada has undertaken to supply the quantity which the United Kingdom atomic energy authority has requested in this period. This will be supplied from quantities under option in the present purchase contracts.

In other words, he referred particularly to negotiations in that connection which, I again point out, have not yet been completed. The Leader of the Opposition had this to say as reported on page 4149 of *Hansard* of the same date:

> Mr. Speaker, I think the house will have listened with great interest to this important statement of the minister which deals with the development and marketing of one of our most important products and will, I think, have learned with satisfaction that the policy of the previous government in working out bilateral contracts with other governments for the sale of this commodity is making progress.

There is another point in connection with this subject of concealment of these negotiations that I should like to mention. I would point out that there is a survey of the uranium industry in Canada issued regularly. I have before me the survey by J. W. Griffith dated November, 1959. It has been drawn to my attention that this is a government publication, published by the Department of Mines and Technical Surveys and widely distributed. Indeed, the distribution list includes mining societies, mining, metallurgy and research organizations, the publishers of technical magazines, the mines department and other government departments. The distribution totals several hundred copies. Then, of course, the publication is on sale to the public as well. On page 87 of this document I find this:

> Arrangements are being made to supply the United Kingdom with uranium over the period

from April 1, 1963, to December 31, 1966. Supplies for this purpose will come from quantities under option in the present purchase contracts.

In addition to that, why did the previous government give the details of what had been arranged? I point out this fact, that as soon as we took office on June 26, 1957, Mr. Bennett delivered a communication to the then minister of trade and commerce which deals with uranium procurement. He sets out the facts in general, and he says this at page 15:

There has always been, and still is, close co-operation with the government of the United Kingdom and the government of the United States in the matter of the classification of information with respect to all phases of the atomic energy program. A tripartite committee is responsible for recommending the declassification of information.

Up until December 13, 1956, all information with respect to uranium, ore reserves and production was classified. This information was declassified as of that date. However,—

I emphasize this. This is what Mr. Bennett, head of Eldorado and Atomic Energy of Canada Limited, said:

However, both the United Kingdom atomic energy authority and the United States atomic energy commission have asked that no information be made available as to the specific quantities of uranium which will be delivered to these agencies in any given period.

That was the course directed and determined by the president of Atomic Energy of Canada Limited and Eldorado as representing the policy that had always been followed. The only change in that regard was when an actual contract was entered into.

Discussions with the United Kingdom government have gone on since 1958. By 1959 the United Kingdom had further reduced its planned requirements for uranium and was faced with a larger prospective surplus than it had expected in the preceding year. These discussions have continued intermittently since that time, without agreement being reached.

I underline those words. We are still in the position of having the letters of intent and the acceptance, but the course at all times followed in the past has been that the transaction is concluded by an agreement in writing giving full particulars. As yet we have not been able to secure the signing of such an agreement.

In the meantime, the demand from the other quarters for Canadian uranium has also declined and the United States atomic energy authority decided not to exercise its options to purchase additional amounts under its Canadian contracts. As a result the government decided upon a stretch-out of uranium production by the rearrangement of the existing Eldorado contracts. This has been put into effect and has resulted in enabling some mines with lower costs to continue production for a longer period.

The United Kingdom authority, as well as the United States atomic energy commission, as purchasers, have co-operated in this rearrangement of the production program.

I have already pointed out that on February 1, 1958, the minister of trade and commerce, in a comprehensive review of the Canadian uranium and nuclear power programs, announced that Canada had undertaken to supply the quantity of uranium which the United Kingdom atomic energy authority had requested for the period 1963 to 1966, and that negotiations concerning it were under way. Since then, while the negotiations have continued, we have never reached a conclusion.

Some details about the original undertakings were given early this month to the special committee on research, as was appropriate, and indeed necessary, if that committee was to do its duty properly in considering the Eldorado program as a whole. For some reason no notice was taken of that for some ten days or two weeks.

It has not yet been necessary for Eldorado to enter into purchase contracts in order to meet its commitment to the United Kingdom authority for this 24 million pounds covered by the letter of intent. Until the revision of the production contracts was made in the stretch-out program, Eldorado could get what it required under purchase options in the contracts with producers. After that revision it knew that it could obtain what it would require in the future more simply and cheaply by purchasing it from producers at competitive prices because there is a surplus of production capacity available.

I simply pause to say this. There has been no secrecy and there has been no concealment of any contract. We are still in the position of negotiation regarding the letters of intent. At no time in the past—those were the instructions given as to the procedure in the past—has there been any revelation as to the terms until the completion of a contract. Even then the price was not set forth in all cases, nor were other particulars given.

It was asked by the hon. gentleman whether or not there had been any allocation. It would be unwise, without the completion of a contract, to allocate or even to forecast the basis for allocating this quantity among Canadian producers, until the conclusion of the discussions with the United Kingdom on the terms of the contract and the possibility of major changes in the program proposed by the United Kingdom.

As I said a moment ago, in the early stages of uranium purchase programs the details of

amount covered by contracts, the rate of production and delivery were not revealed. Later the main purchasers in the United States and the United Kingdom asked us to keep the details confidential for commercial reasons. In the result, only general information was given out even, as I said a moment ago, when in certain cases contracts had been signed.

There is much more information in this connection that might be brought together. What I have given represents in sufficient detail a recital of the course of events which I suggest gives the answer to the use of incredible language and incomprehensible denials of the existence of something in which the Leader of the Opposition had participated. It also belies the use of the word "shocking" on the part of hon. members opposite in describing what they charged was concealed. There was no concealment.

Hon. L. B. Pearson (Leader of the Opposition): I expect that you, sir, will give me the same latitude in dealing with this matter that you gave the Prime Minister (Mr. Diefenbaker), in view of the nature of his reply and the fact that he brought me into his reply by name and referred to statements I have made in regard to this matter. I expect, therefore, to be given the opportunity of answering those statements made about me and about this matter by the Prime Minister.

Some hon. Members: No.

Some hon. Members: Order.

Mr. Speaker: Order. I think the position ought to be clear before the Leader of the Opposition proceeds. The Prime Minister asked for leave to answer a question at considerable length. The Prime Minister was given that leave and answered the question, bringing in references to the Leader of the Opposition, of course.

I should think that apart from leave of the house, those hon. members who are interested would be entitled to ask questions to elucidate the answer or to explain their positions, and that the Leader of the Opposition, to whom personal reference was made, would be entitled to make a personal explanation with respect to his part in the matter. But I would not without leave of the house give the floor to the Leader of the Opposition so that he might make an extended statement, or comment in general terms. Perhaps the Leader of the Opposition wishes to ask for more than that, but that is my view of what his rights are.

Mr. Pearson: I ask for the right to reply to the statement which the Prime Minister made about me and about my position on this matter which went far beyond the facts which were necessary to answer the question which was put to him.

Mr. Diefenbaker: The Leader of the Opposition said I went beyond what it was necessary to include in my answer. I did so because of an ex parte statement which he himself issued on Friday outside this house. I have no objection whatsoever to the hon. gentleman answering any suggestions I made regarding his conduct in this connection.

Mr. Argue: On the point of order, I think it is only fair and proper that the Leader of the Opposition should be given full latitude to make a reply with regard to those parts of the statement in which the Prime Minister referred to the Leader of the Opposition.

Mr. Speaker: I take it the house is prepared to recognize the right of the Leader of the Opposition to deal with references to his part in this matter by the Prime Minister in his answer.

Mr. Pearson: I will proceed to do that, Mr. Speaker, and I will say at the beginning that what the Prime Minister has said, not so much in answer to a question but on this general matter, makes the conduct of the government and of the right hon. gentleman with regard to this question even more incomprehensible and incredible than I had previously thought it to be. What we have learned this afternoon from the Prime Minister is that in respect of 24 million pounds of uranium to be delivered from Canada through Eldorado to the United Kingdom atomic energy authority in the period 1963-66 there is no contract at all. That is what the Prime Minister says now, no contract at all. The Prime Minister went to a great deal of trouble to talk about the Bermuda conference—

Mr. Diefenbaker: No formal contract, I said.

Mr. Pearson: No formal contract is no contract. This is an easy way to slip out of this, to slip out of it by using sophistry of that kind. We shall find out whether there is a contract in the minds of the Minister of Trade and Commerce and others by quoting what they have to say. I think I have a right to do that, Mr. Speaker.

The Prime Minister quoted at some length from the proceedings of the Bermuda conference. That conference was one which I remember very well. It took place on March 26 and 27, a few days before the dissolution of parliament which was, I think, on April 10 or 13. That conference issued a statement from which the Prime Minister has quoted. Included in that statement—and the Prime

Minister quoted from this paragraph—there is the following reference:

> The ministers also discussed arrangements to supply United Kingdom requirements for uranium fuel after this five-year period and agreed that further discussions on this matter should proceed between the agencies concerned.

Well, of course, as one who was there I knew there would be further discussions between the agencies concerned. Those discussions did not result in a contract at the end of March as has been stated. They went on through May. I believe that they came to a conclusion, as far as negotiations were concerned, some time toward the end of May, a few days before the general election. The Prime Minister says now, no contract came out of those discussions. Then the hon. gentleman wonders—and some of his friends have been wondering—why we did not know all about those negotiations in the early part of June, after the general election? The election was on June 10.

After June 27, the Prime Minister was responsible for these negotiations. He criticizes us and the government of that day for not knowing all about this. We have been criticized also for not knowing that there was a contract at that time, though the Prime Minister now admits, for the first time, there was no such contract.

Mr. Diefenbaker: No formal contract.

Mr. Pearson: I ask the Prime Minister—and this is one of the questions I hope he will answer—if he will tell the house whether there was a commitment entered into with the United Kingdom authorities with regard to the supplying of 25 million pounds of uranium from Canada from 1963 to 1966. Does the United Kingdom admit there was a commitment entered into in 1957 for the supplying of this uranium and if there was a commitment why was that commitment not carried out during the time when we were closing uranium mines in this country?

Some hon. Members: Hear, hear.

Mr. Pearson: The Prime Minister has said there were negotiations, but no contract. Let me read from *Hansard* on that point—

Mr. Speaker: Would the hon. member consider this suggestion? He has asked a supplementary question. Would he consider having it answered at this time?

Mr. Pearson: No, Mr. Speaker. I have a lot of other questions to ask arising out of what the Prime Minister has said.

Mr. Speaker: I am not happy about the prospects of a general debate on this matter by question and answer across the house. I believe the house is about to go into committee of supply and it seems to me it would be much better if hon. members would debate this matter at a time when debate is permissible because there is no rule, other than my discretion, which would permit such a discussion as this to continue. It is not too comfortable a position for the Chair to be in to be regulating a debate at a time when no debate should be taking place.

The Leader of the Opposition has the floor to make a statement which explains the Prime Minister's answer in so far as it involves him and reflected on his part in this matter. If the hon. gentleman would conclude that statement I think we might reserve any further debate on this subject until it would be proper for such a debate to take place.

Mr. Pearson: I shall try to deal with those points with which I was directly concerned. Perhaps the most important of them is the Prime Minister's criticism that we did not know all about the subject when we were in office, and he mentioned me by name. The Prime Minister now says there was no contract. But the Minister of Trade and Commerce, only a few days ago, as reported at page 2672 of *Hansard* had this to say in reply to a question asked by the hon. member for Burnaby-Richmond:

> The Canadian government through its crown corporation, the Eldorado company, has a firm contract with the British atomic energy authority. I have received from the British authorities no indication that they do not intend to honour this contract.

The Minister of Trade and Commerce left us in no doubt about what he thought of the position when he made a statement in Calgary as late as Friday last on being confronted with this report that a 24 million pound uranium deal with the British had come to light. Here is what the minister is reported as telling the Toronto *Star* from Calgary:

> Hon. George Hees, Minister of Trade and Commerce, told the *Star* the contract would be of great assistance to the industry.

The report continued:

> He said there had been no reason to reveal the contract earlier.

Now I quote from the report:

> "The government doesn't go around shouting what it is going to do in the future".

That, Mr. Speaker, is a laughable observation. The Minister of Trade and Commerce went on to say that there was nothing hidden about it. "Nobody ever asked me about it," he declared.

So the Minister of Trade and Commerce said there was a firm contract. The Prime

Minister thinks there was not. The president of Eldorado thought there was a firm contract—

Mr. Diefenbaker: What I said was that a letter of intent was given and accepted but that a formal contract was not entered into and negotiations thereon are still continuing.

Mr. Pearson: Here is what the president of Eldorado said on that score. The Prime Minister was good enough to quote selected passages from this document. Let me quote this. The president, talking about these three contracts, said that these are firm contracts. He repeated that in emphatic terms. Later, on March 3, he said that these are firm contracts and the British can be trusted to live up to their contracts. He went on to say that there are, however, always ways open for re-negotiation.

Now the Prime Minister says it is not a question of re-negotiating a firm contract, a commitment on which the United Kingdom government had entered—oh, no, it is not that —we are now in the process of negotiating a new contract. That is not what the Minister of Trade and Commerce said.

Mr. Fleming (Eglinton): That is not what the Prime Minister said.

Mr. Pearson: That is not what the president of Eldorado said, and if anyone wishes to read the evidence given by the president they will find out he was talking about the 24-million pound firm contract into which the United Kingdom government entered and which was obscured and kept hidden by the government at the time when the uranium industry in this country could have used a contract of that kind.

Mr. Fleming (Eglinton): That is perfectly untrue.

Mr. Speaker: Order. I believe that the hon. Leader of the Opposition (Mr. Pearson) is now referring to evidence given before a committee of the house which has not yet reported. It seems to me that any debate that arises out of that should be deferred until that committee reports. The hon. Leader of the Opposition has had an opportunity to deal with his own knowledge and statements on this matter. If he is not through, I will allow him to finish, but I would ask him to limit himself to that aspect of it rather than refer to aspects that are obviously out of order.

Mr. Pearson: Mr. Speaker, I mentioned the president and the committee report because the Prime Minister himself had done so initially to show that his statement was correct. The Prime Minister referred to the president of Eldorado and I now refer to the president of Eldorado, as the president of an agency—

Mr. Speaker: Order.

Mr. Pearson: It was stated in no uncertain terms that there was a firm commitment, and that the firm contract for 24 million pounds was in the process of being re-negotiated with the United Kingdom government. That is a very different story from the one the Prime Minister has told us this afternoon. It will be very interesting to find out exactly what the facts are in this matter. Perhaps there will be an opportunity in debating the estimates to discuss this at greater length and in greater detail. Perhaps on this occasion I will be able to restrain myself to asking the Prime Minister some questions supplementary to that which has been addressed him by the hon. member for Assiniboia (Mr. Argue), to which I am not sure he received a reply.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I do not intend to get into any general debate. I am not in the happy or unhappy position, whichever it may be, of having a record in the government, as has the Leader of the Opposition (Mr. Pearson), which can be brought forward in this debate. I think that the Canadian people are interested in—

Mr. Speaker: Order. The hon. member is in the happy position of having the right to ask a supplementary question. If he will do so, he will be in order, otherwise he will not.

Mr. Argue: In view of the latitude that has been allowed this afternoon I think I might be allowed to conclude one sentence.

Mr. Speaker: I am sorry but I am not prepared to accept that position. As the hon. member knows, his question regarding this subject was answered originally, and he is now entitled to ask a supplementary question. I suggest he should proceed in that manner.

Mr. Argue: I can proceed in that manner, but I am put in a very awkward position when two hon. members have made speeches based on my question and I am allowed only to ask a supplementary question. However, I would be interested if the Prime Minister (Mr. Diefenbaker) could tell the house whether or not there is any firm commitment by the United Kingdom in this regard and, if so, for what quantity of uranium. I would also like to know the basis upon which the contracts will be allocated because of the very great interest of many communities in this question. I wonder whether the Prime Minister is prepared to answer the question I have just asked: whether or not the United Kingdom has given a firm commitment, and if so, for what quantity of uranium?

Mr. Diefenbaker: Mr. Speaker, I endeavoured to make that very clear. There was a firm commitment, but before we are in a

position to carry it into effect, following the course that has been followed in the past, a contract embodying the terms must be signed and completed, and that has not been done, for discussions have continued intermittently over the last two years with respect thereto. Under the circumstances I spoke at length in this regard in my opening statement.

Mr. Argue: I wonder whether the Prime Minister would say whether it is the intention of the government to hold the United Kingdom government to their commitment to purchase the 24 million pounds of uranium, or is Canada going to let it off the hook?

Mr. Diefenbaker: I do not think the United Kingdom government, in its experience, has ever asked to be let off the hook.

Hon. Paul Hellyer (Trinity): Mr. Speaker, I rise on a question of privilege affecting the rights and privileges of every hon. member of this house. My question of privilege has regard to what we have seen today, a shocking abuse of the rules of this house. The Prime Minister has—

Mr. Speaker: Order. If the hon. member has a question of privilege he should be specific. If he will specifically indicate what the breach of privilege is it will be considered.

Mr. Hellyer: If you will hear me out, Mr. Speaker, I will state it clearly. The Prime Minister, in flagrant disregard of the rules of this house, chose not to make a statement on motions as is the custom with statements of this importance, but chose rather to introduce it at another time on questions before the orders of the day.

Mr. Speaker: Order. I think the hon. member, if he reconsiders what has transpired, will find that he has not risen to a point of order at the time it was relevant to do so, when he could have been heard, but at a point after the course has been set by the house itself. I see no question of privilege.

Mr. Hellyer: Mr. Speaker, the Prime Minister asked the house for unanimous consent and—

Mr. Speaker: Order.

Hon. E. D. Fulton (Minister of Justice): I think there is a point of order, Mr. Speaker, arising out of the assertion made by the hon. member for Trinity (Mr. Hellyer) who saw fit to criticize the conduct of the Prime Minister in this regard. May I remind Your Honour that the house, including the hon. member for Trinity, gave unanimous leave regarding the course followed by the Prime Minister and now, like a lot of spoiled children, hon. members opposite are seeking to withdraw their leave after the event. This amounts to—

Mr. Speaker: Order. I rather think the hon. Minister of Justice (Mr. Fulton) is attempting to speak to a question of privilege which I have found not to exist.

Mr. Hellyer: Mr. Speaker, may I be permitted to ask leave of the house to—

Some hon. Members: Order.

Mr. Speaker: Order. I am sorry, I have heard the hon. member and I have given—

Mr. Hellyer: You have not heard the point, Mr. Speaker.

Mr. Speaker: I have been present in the house and have come to the conclusion that if there was a question of privilege the hon. member is too late in raising it now.

Mr. G. J. McIlraith (Ottawa West): I would like to ask a supplementary question, Mr. Speaker. Could the Prime Minister tell us the date on which this firm commitment, or firm contract—whichever terminology he used—was made?

Mr. Diefenbaker: Mr. Speaker, I mentioned the period of time during which there were letters passing back and forth. The hon. member will be able to ask that tomorrow, when I think the committee is meeting, and will be able to secure a full answer in that regard.

Mr. McIlraith: Is the Prime Minister able to tell me the precise date on which the commitment itself was made?

Mr. Diefenbaker: Mr. Speaker, I suggest that when the president of Eldorado appears before the committee that will be a proper question to ask him.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask a supplementary question of the Prime Minister. When did the Prime Minister personally first learn of this contract?

Mr. Diefenbaker: Mr. Speaker, I learned of the negotiations that were taking place at the time they commenced to take place.

Mr. Pearson: May I ask the Prime Minister whether he has any comment to make on the statement made by the president of the Eldorado Mining and Refining Company to the effect that there had been no indication that this 24-million pound contract with the United Kingdom government would be—

Mr. Fulton: Mr. Speaker, I rise on a point of order.

Mr. Speaker: Order.

Mr. Fulton: On a point of order, Mr. Speaker.

Mr. Speaker: I am sorry; the Minister of Justice was interrupting on a point of order?

Mr. Fulton: Yes. I believe, Mr. Speaker—and if I am wrong I shall be glad to be corrected—that the Leader of the Opposition is again doing that which you told him was out of order; he is referring to a statement made in a committee which has not yet reported to the house.

Mr. Pearson: May I just ask the Prime Minister, does he not know of a statement made by the Minister of Trade and Commerce to the effect that there is no indication that the British government will default on its 24 million pounds uranium contract?

Mr. Benidickson: That statement was made in the house.

Mr. Pearson: That statement was made in the House of Commons.

Mr. Diefenbaker: The word used is "default". The answer is, there has been no indication of default on the part of the United Kingdom government. What the United Kingdom government is endeavouring to do is to bring about a continuing negotiation of the statements and terms made in the exchange of letters, and then to have the agreement embodied in a written contract.

Mr. Pearson: May I ask the Prime Minister whether it is a fact that the United Kingdom government have accepted the commitment to purchase 24 million pounds of uranium from Canada between 1963 and 1966?

Mr. Diefenbaker: The hon. gentleman will know that that was answered by the statement made by the United Kingdom authority the other day.

Mr. Chevrier: May I ask a question supplementary to that which I asked earlier. Did the Prime Minister know about this contract with the United Kingdom atomic energy commission when the United States cancelled its uranium contracts with Canada?

Mr. Diefenbaker: Mr. Speaker, I did not use the expression "contracts"; I used the expression "an exchange of notes, a declaration of intent and acceptance".

Mr. Chevrier: Did the Prime Minister know about the position when the exchange of notes took place?

Mr. Fulton: You were in office then.

Mr. Diefenbaker: I have already said I know of the general discussion and negotiations that have taken place from the time they commenced.

[Mr. Fulton.]

Mr. McIlraith: Could I ask a supplementary question?

Mr. Speaker: I will allow one more supplementary. The hon. member for Shelburne-Yarmouth-Clare has been deferred the floor for some three quarters of an hour.

Mr. McIlraith: Mr. Speaker, I want to ask—

Mr. Speaker: I am sorry. Perhaps I was not heard at the far end of the chamber, but I have indicated that I shall allow one further supplementary to close this discussion.

Mr. McIlraith: Would the Prime Minister advise the house as to the date of commencement of the negotiations of this commitment, or renegotiations, as they have been called?

Mr. Diefenbaker: They commenced in 1958.

[*Later:*]

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to direct a question to the Acting Minister of Trade and Commerce. I apologize for not sending notice. It is based on a telegram just handed to me. In view of the purchase by Mr. Roy Thomson of the defunct Elliot Lake *Standard* on March 15, to recommence publication on March 16, is it possible that the purchase was the result of the release of information on uranium not previously disclosed to the public?

Hon. Gordon Churchill (Minister of Veterans Affairs): I shall take the question as notice and refer it to the Minister of Trade and Commerce.

SEARCH AND RESCUE

NOVA SCOTIA—REQUEST FOR REPORT ON MISSING FISHING VESSELS

On the orders of the day:

Mr. F. F. Legere (Shelburne-Yarmouth-Clare): Mr. Speaker, I should like to direct a question to the Minister of Fisheries. Can the minister give a report concerning the three Lockeport fishing vessels missing off the coast of Nova Scotia since the storms of March 21?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, I wish to thank the hon. member for Shelburne-Yarmouth-Clare for giving me notice of his intention to ask this question on a subject which I know has been of vital concern to him over the past few days.

The Royal Canadian Air Force Rescue Co-Ordination centre at Halifax promptly co-ordinated the search for the missing fishing vessels, and in spite of a secondary storm and later fog conditions a very intensive search of the disaster area was made by

surface vessels of the Royal Canadian Navy, aircraft of the R.C.A.F. and the Royal Canadian Navy, with assistance from surface vessels and aircraft of the United States navy, all of which were on exercises in the region involved.

The long-liner *Muriel Eileen* was found with decks awash on Wednesday without any sign of life. Debris from the *Jimmie and Sisters* and the *Marjorie Beryl* was picked up in the search area by the surface vessels. Positive identification of this material was made by the owners of the respective vessels and relatives of the crew members, virtually ending any hope for the safety of the vessels and crews. I am at the same time pleased to report that another vessel, the *Felix and Florence Hickey,* which was disabled in the same storm, was taken into tow by the tug *Foundation Vigilant* on Friday, March 24, with all hands safe.

In view of the very thorough search coverage that has been given and the evidence found which indicates that the missing vessels are no longer afloat, search authorities now consider that nothing would be gained by prolonging the operations further. Accordingly, it is expected that the search will be suspended at the conclusion of the operations today.

I know that all hon. members join me in expressing our sympathy to the wives and relatives of the 17 fishermen who must now be feared lost, and to the 50 children whose fathers are the victims of this disaster.

IMMIGRATION

REPORTED REMARKS BY DEPUTY MINISTER

On the orders of the day:

Mr. Walter Pitman (Peterborough): I should like to address a question to the Minister of Citizenship and Immigration. In her absence perhaps the parliamentary secretary will answer.

My question arises out of a speech made by Dr. Davidson, deputy minister of citizenship and immigration, to the effect that reports of Canada's economic conditions, appearing in the British and European press, were malicious libels on the reputation of Canada. Can the minister or the parliamentary secretary indicate to the house more specifically what reports Dr. Davidson was referring to and exactly who was responsible for them?

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): Mr. Speaker, I will take the question as notice.

Inquiries of the Ministry

NORTHERN AFFAIRS

REQUEST FOR PROTECTION OF WILDLIFE BREEDING GROUNDS

On the orders of the day:

Mr. J. S. Speakman (Wetaskiwin): Mr. Speaker, I have a question for the Minister of Northern Affairs and National Resources, notice of which has been given.

In view of the current very active program of exploration in northern Canada and on the Arctic islands for oil and other natural resources, will the minister assure hon. members and all sportsmen in Canada that the natural breeding ground of the Canada goose —that symbol of Canada—and other wild geese, will be protected, so that such exploration activity will not destroy another of our great natural resources, good, wild fowl hunting?

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): The hon. member was kind enough to give me notice of this question, and I want to assure him that we are fully aware of the potential conflict between the development of mineral and petroleum resources in the territorial and island Arctic areas and the protection of the important wildlife resources, particularly the migratory birds of those areas.

Fortunately we have had no difficulty up to the present moment, but the whole question is under urgent study by some of the divisions of my department. These divisions are those concerned with wildlife interests, the welfare of the native population and mineral development. Full consideration is being given to the implications of resource use in the areas in question.

Mr. Speakman: A supplementary question. I wonder whether the minister could be more specific, and could he tell us of anything positive which his department is doing in those areas toward conservation of the migratory birds?

Mr. Dinsdale: Yes, Mr. Speaker. Up to the present moment we have established six migratory bird sanctuaries in the eastern Arctic regions: one of these is on Akimiski island, another in the McConnell river area, and another north of Churchill; two on Southampton island and also two on Baffin island. There are no sanctuaries established in the western Arctic at the moment. Arctic biologists, however, have surveyed the problem. They are aware of the location of the nesting grounds and we hope to have a similar number of migratory bird sanctuaries established in the western Artic area.

The supplementary question gives me the opportunity to refer to the problem of the

potential hazard from aircraft operations. My department has arranged with the Department of Transport to advise all pilots operating in the areas of existing sanctuaries in the eastern part of the Northwest Territories of the location of those sanctuaries. As new sanctuaries are created, similar information will be forwarded to the Department of Transport.

CROP INSURANCE

REFERENCE TO STATEMENT BY PROVINCIAL MINISTER

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Agriculture. Will the minister comment on a reported statement made by the minister of agriculture of Saskatchewan, as found in the *Leader-Post* of March 25, that the federal government has agreed to amendments to the Crop Insurance Act which would make it possible for farmers to participate in an area where less than 25 per cent of the farmers are involved?

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, the hon. member was kind enough to send me a copy of his question before the house opened. The federal Crop Insurance Act does not specify that an area must have at least 25 per cent of the farmers participating in the scheme. I have seen the press report to which the hon. member makes reference and it would appear that the Saskatchewan minister of agriculture was speaking of amendments to the province's crop insurance act.

I have been in touch with the minister of agriculture in Saskatchewan and have written him to the effect that we had in mind something along the line of the 25 per cent coverage which the provincial act in Saskatchewan originally provided. However, in view of the fact that the Saskatchewan government is undertaking a pilot operation this year, I indicated that I would recommend to my colleagues that a percentage less than 25 per cent for a pilot operation should be agreed upon for one year.

Mr. Korchinski: I should like to ask a supplementary question. Would the minister indicate what percentage he has in mind?

Mr. Hamilton (Qu'Appelle): No, Mr. Speaker; I have no particular percentage in mind.

TRANSPORT

METROPOLITAN TORONTO—REPORTED REQUEST FOR SUBWAY LOAN

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of Public Works. Now that the cabinet has had a chance to meet following the Prime Minister's return to Canada, is the minister in a position to say whether or not a federal loan will be made to the corporation of metropolitan Toronto to assist the corporation in the speeding up of the construction of the east-west subway?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, in reply to the hon. member for Trinity, may I say that the asking of that same question is becoming a little monotonous. This is a matter of government policy which involves more than Toronto and the question will be answered by the Prime Minister in due course. I feel presumptuous even trying to answer a question of this sort addressed to me.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, even though it may seem monotonous to the minister, may I ask the same question but directed toward the proposed subway for the city of Montreal?

Mr. Fulton: It should get the same answer.

Mr. Chevrier: May I ask the minister if he will give an answer?

Mr. Walker: I thought I had answered that question in my previous answer.

Mr. Hellyer: I should like to put a supplementary question to the Prime Minister. Can the Prime Minister say when he will be in a position to deal with these matters, other than in due course?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am not going to adopt the answer that the hon. gentleman used time after time during his tenure of office. I simply say, as the Minister of Public Works has said, that when the government is in a position to announce a policy in this regard it will be announced.

EXTERNAL AFFAIRS

LAOS—INQUIRY AS TO CURRENT SITUATION

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I should like to direct a question to the Prime Minister. Can the Prime Minister give the house any information on the situation in Laos?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, after a week end of intense activity, including a meeting between Prime Minister Macmillan and President Kennedy in Florida, there are indications that the prospects for a negotiated settlement of the Laotian problem have improved. My understanding is that no formal reply to the

note from the United Kingdom co-chairman to the Soviet co-chairman has been received but a dispatch, as hon. gentlemen know, in the Soviet newspaper *Pravda* suggests that the Soviet government will agree to the main elements in the proposals put to them by the United Kingdom government.

An outline of these proposals was given by me in the house on Friday last. The first task following a cease-fire will be the immediate reconvening in New Delhi of the international commission for supervision and control for Laos. The first task of the reconvened commission would be the verification of the cease-fire. When the commission is able to report to the co-chairmen that hostilities have in fact ceased, the next stage will be the summoning of an international conference. It seems probable that the membership of that conference will be wider than that of the Geneva conference of 1954 so that it is likely that Canada will be represented thereon.

The government early made preparations to discharge the obligations that would fall on it should the commission be reconvened. Personnel for full-scale activity by the commission have been ready for some time on a stand-by basis. The exact personnel requirements for the initial meetings of the commission will be determined in consultation with the Indian chairman of the commission whenever a formal request has been received from the United Kingdom and Soviet co-chairmen of the Geneva conference to reactivate the commission.

Mr. Hazen Argue (Assiniboia): I should like to ask a supplementary question. Can the Prime Minister say whether the Canadian government made any representations to the United Kingdom or the United States before they made these very important representations and, if so, what was Canada's attitude?

Mr. Diefenbaker: Mr. Speaker, I think the hon. member will realize that that question would require a considerably detailed answer and I will simply take it as notice.

FREIGHT RATES

GRAIN—REQUEST FOR DISALLOWANCE OF INCREASED RATES TO EASTERN PORTS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I have another question for the Prime Minister which I do not think will require as much detail to answer. Can the Prime Minister tell the house now, as a result of the statement made in the house by the Minister of Transport with regard to an impending cabinet decision under section 53 of the Railway Act, whether or not the government is prepared to disallow the 25 per cent increase in grain freight rates recently allowed by the board of transport commissioners which is to go into effect on April 1?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in effect this question is sub judice. An appeal is being made to us and I think the hon. member will agree that during the period when the matter is under consideration questions are not proper or within our rules.

Mr. Argue: My question is this. Will the government come to a decision, as has been indicated by the Minister of Transport, before April 1, and when will an announcement of this decision be made?

Mr. Diefenbaker: As a matter of fact, Mr. Speaker, the necessary papers are not before the government.

Mr. Argue: The increase will be in effect in 48 hours.

BUSINESS OF THE HOUSE

BANK OF CANADA—CONSIDERATION OF REPORT BY COMMITTEE

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to address a question to the Minister of Finance. I propose to remind him of a commitment that I feel he made to me and, through me, to the house on March 15 when he said that during the following week he would make a statement to the house with respect to the suggestion that the important report of the governor of the Bank of Canada, a report of great democratic interest, should be referred to the banking and commerce committee of the House of Commons.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the hon. member has not quoted me very accurately. He asked his question on March 15 and it is to be found in the second column on page 3013 of *Hansard*. My answer was:

> Mr. Speaker, I expect to make a statement in the house on this subject next week, after hon. members have had an opportunity to peruse the report.

Last Tuesday, March 21, when I was prepared to make a statement, the Leader of the Opposition did not wait for my statement. He triggered the matter by directing a question to the Prime Minister on the very same point, taking the question right away from the hon. member for Kenora-Rainy River who had first asked it. The Prime Minister answered the question. There was no need then for me to rise and merely repeat the answer

given by the Prime Minister. I would suggest a little more teamwork on the part of the opposition.

Mr. Pearson: A little more information from the minister.

[*Later:*]

Mr. Benidickson: The Minister of Finance, as always, had his references ready, but when he quoted himself he did not quote what I said. My question was not similar to the one asked by the Leader of the Opposition on March 21. I asked if the minister would use his good offices to give the nod to the chairman of the banking and commerce committee, the hon. member for York North, to assure the likelihood that there would be approval of a motion to have the governor of the Bank of Canada examined by the banking and commerce committee.

The Prime Minister, as reported on page 3171 of *Hansard* for March 21, 1961, simply used evasive language to say that this was something within the determination of the committee.

Mr. Speaker: Order. Perhaps the hon. member would agree with me that this is a matter which should be pursued in committee.

AIR TRANSPORT

CANADIAN PACIFIC AIR LINES—REQUEST THAT OVERHAUL WORK BE DONE IN CANADA

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to ask the Acting Minister of Transport, whoever he might be, whether the attention of the department has been drawn to a report in last Friday's Winnipeg *Free Press* to the effect that Canadian Pacific Air Lines has carried out 85 per cent of its major overhaul work in foreign countries? If that is so, what steps could be taken to give Canadian Pacific Air Lines an incentive to do its overhaul work in Canada to provide employment for Canadians?

Hon. Gordon Churchill (Minister of Veterans Affairs): I will accept the question as notice and refer it to the Minister of Transport.

SUPPLY

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

The Deputy Chairman: We are considering further supplementary estimates, item No. 658.

DEPARTMENT OF AGRICULTURE

Research branch—

658. Branch administration—to extend the purposes of vote 5 of the main estimates, 1960-61 to include a grant of $10,000 to assist in defraying the costs of the ninth international botanical congress, $1.

[Mr. Fleming (Eglinton).]

(Translation):

Mr. Boulanger: Mr. Chairman, I should like to make a few comments on item 658 of the estimates of the Minister of Agriculture. I intend to refer especially to the stabilization of farm prices.

Mr. Chairman, we are being asked to vote $69,504,548 for the rest of the fiscal year ending March 31, 1961. During the discusion of the measure on agreements respecting the development of marginal lands, the Minister of Agriculture (Mr. Hamilton) stated, as reported on page 3264 of *Hansard*:

> Then, there was the stabilization of prices, which is in effect now and the results of which are showing in the income figures.

Mr. Chairman, if we consider the situation which has prevailed these last years, we note that the stabilization of farm prices—

(Text):

The Deputy Chairman: Order; I wonder whether or not the hon. member looked at vote No. 658, which is for the research branch. As a result of listening to the few remarks the hon. member has made, I have come to the conclusion he was not talking about research.

Shall vote No. 658 carry?

Mr. Herridge: Will the minister give us some explanation of this vote to the international botanical congress?

Mr. Fleming (Eglinton): Mr. Chairman, this item concerns a grant of $10,000 toward the ninth international botanical congress. The congress was held and this further sum is required. The reason for the $1 item is that there was sufficient money in the item to take care of the obligation but there was no authority to use the sum for the purpose of helping defray the cost of the botanical conference. The reason for the $1 item before us is to give legislative effect to this vote.

Mr. Benidickson: This is the first item of the supplementary estimates to come before us. The Minister of Finance has been in this house for the same length of time as I have been, and he will recall that the previous government was criticized, particularly by the former hon. member for Winnipeg North Centre, to the effect that these dollar items should not be used without exceptional justification. He felt that they were designed to give parliamentary sanction to something about which parliament had no knowledge and perhaps no jurisdiction over the amount

that would actually be spent in the long run. There are a number of items of this character in these further supplementary estimates, No. 5, 1960-61 now before us. I get the impression that this is perhaps an extension of the practice which has been criticized by private members in the past.

I note that there are four of these one dollar items in the estimates of the Department of Finance. Perhaps when the minister is dealing with those estimates he would give careful consideration to making a statement as to whether or not this is an enlargement of the practice which has been criticized in the past. Perhaps after the dinner recess the minister would be prepared to give some explanation of this matter such as I have requested, and tell us whether or not this indicates a maintenance of the practice or an extension of it. This seems to be a fairly loose method of getting parliamentary approval without members of parliament actually knowing the details of the ultimate expenditure.

Mr. Fleming (Eglinton): Each case stands on its own feet. This is a situation in which there is sufficient money in the item to meet this particular expenditure proposed, but the terms used in the item as they appear in the Appropriation Act are not broad enough to include authority to make this payment. We are coming back to parliament, therefore, not to ask for more money but to ask, in effect, for an extension of the scope of the item. A one dollar item is the appropriate and accepted legislative vehicle for this purpose.

In so far as information is concerned, if the hon. member will look at the details on page 14 of this pamphlet copy of the further supplementary estimates we are now studying, he will see that the item appears as follows:

> Grant towards ninth international botanical congress, $10,000.
> Less—amount available from savings in the main estimates, 1960-61, $9,999.

This leaves the balance of $1 to be voted.

Mr. Benidickson: With all the respect in the world for the efficiency of those who look after government accounts, I just cannot believe they can be so accurate as to estimate within one dollar—

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member has missed the point—

Mr. Benidickson: Would the minister please hear me out. I just cannot believe they can be so accurate in estimating that within one dollar there will be a saving of $9,999 or, shall we say, a lapsing or shortfall in the main estimates of $9,999 and that this can be put alongside a necessary new item of expenditure of $10,000 for the ninth international botanical congress.

The point I raise is that we always have lapses. I have paid my respects to the estimators in our departments, but they cannot always be accurate. If they put a suggestion in the estimates a year ahead that a certain appropriation is required for certain reasons, expenditures under one heading may prove to be either not required or plans may have not advanced sufficiently to entail spending that amount of money within the fiscal year of budgeting. In consequence, such an item would normally lapse.

I raise the question of whether we should enlarge the procedure of introducing a dollar item in the summary of our supplementary estimate requirements, where there is no requirement for the non-observant person to go to the details and perhaps find something that may be quite contrary to that which is related to the lapsing.

We have here a lapsing of $9,999. This amount is apparently not likely to be spent under the main estimates. I am not criticizing the Minister of Finance particularly in this matter, but why does not the Minister of Agriculture direct that the reason is recited in bold, clear detail under the item "Branch Administration"? Why should it not be set out in this item that we require $10,000 for the ninth international botanical congress? Would that not be possible?

Mr. Fleming (Eglinton): Mr. Chairman, that is precisely what the item does. If the hon. gentleman will look at item 658 he will see that its purpose is described in these terms:

> To extend the purposes of vote 5 of the main estimates, 1960-61 to include a grant of $10,000 to assist in defraying the costs of the ninth international botanical congress.

I ask, Mr. Chairman, what could be clearer than that? Parliament is told that this is the whole purpose of the item. We cannot bring in provisions in supplementary estimates unless there is some amount set forth. Hon. members will know we have never yet had an item in the estimates that did not show some amount. The accepted practice is, and has been for a long time, that where the purpose of the item is not to seek a grant of money, but to bring about legislative enlargement of the purpose for which parliament previously voted the money, the one dollar item is the method used.

What is the alternative? The alternative would be that we bring forward an entirely new item of $10,000. If we detached it altogether from existing items in the Appropriation Act and brought forward another item such as the item of $10,000 for expenditures in connection with the ninth international

botanical congress, we would be asking the committee now, within four days of the end of the fiscal year, to vote additional money.

The additional money is not required in this item. The item is simply asking for legislative authority to use money that is available there now for a purpose which parliament, in the Appropriation Act, did not contemplate.

I think the situation is perfectly clear. We have to put a one dollar item here. It is not to say that we have $9,999 remaining in the item ready for lapsing. It means we have $10,000 there. This is the accepted means of showing that we already have the amount required in the item, and consequently we put in the one dollar amount. That has been the practice for years and years. The effect is legislative. It is not to seek the vote of additional money, because additional money is not required here. I would not consider myself justified, in a situation like this, in asking parliament to vote additional money in these late days of the fiscal year, unless additional money is actually required.

Mr. Benidickson: It occurs to me that we have an enlargement. I hope the minister will obtain from his officials a review of whether there is in the supplementary estimates an enlargement of the use of this one dollar estimate, such as we have in the four items for his own department.

It occurs to me that there is such an enlargement. I may be wrong. However, I can see the minister's point. The public accounts committee has for several years considered revising our method of preparing the estimates in a way which would take account of lapsing items and record them in subsequent years. That committee has also considered taking into account additional revenue, so that we have net figures with respect to items that are simply gross expenditures, such as we have here.

Mr. Fleming (Eglinton): That is a different matter. That is in the main estimates. That suggestion which was made in the public accounts committee has no application to this situation.

Item agreed to.

Production and marketing branch—

659. Subsidies for cold storage warehouses under the Cold Storage Act—further amount required, $98,432.

Mr. Hellyer: Mr. Chairman, would the minister tell us the terms and conditions which regulate the granting of these subsidies?

Mr. Fleming (Eglinton): They are to be found in the Cold Storage Act, which is in the revised statutes of Canada, chapter 52 as amended by chapter 313. The cold storage regulations are published; they were first promulgated in 1954, and they were amended in 1958. Provision is made for the payment of subsidies not exceeding the lesser of 33⅓ per cent of the approved expenditure, or $50,000. This limitation of $50,000 applies to a good many of these subsidies for the construction of cold storage warehouses.

Mr. Hellyer: Would the minister tell us the conditions for recovery of part or all of the subsidy in the event that the cold storage plant is subsequently sold for purposes other than those for which it was originally intended, or if it were just sold.

Mr. Fleming (Eglinton): I do not quite follow the hon. member when he speaks about the subsequent price. This is a matter of the construction of cold storage warehouses. It has been public policy to encourage the construction of cold storage warehouses. Therefore there is a provision made for the payment of a subsidy toward the cost of construction.

This subsidy is $50,000 of the cost, or 33⅓ per cent, whichever is the lesser amount. That is determined as a matter of proof in relation to the cost of construction.

Mr. Hellyer: I understand the purpose and the policy. The minister has not answered my question regarding what provision or regulation there is for recovery of the subsidy if the cold storage plant ceases to be a public cold storage plant. What guarantee is there to the crown that the subsidy is recovered? Under what conditions is it recovered?

Mr. Fleming (Eglinton): In a situation of that kind the statute confers a discretion on the minister.

Mr. Hellyer: In other words, there is no laid down rule by which the recovery takes place? It can be administered in an arbitrary fashion by the minister.

Mr. Fleming (Eglinton): Mr. Chairman, this is a matter which has been under study in the public accounts committee. It is under discussion there at the present time and it may be the subject of a report to the house later this present session. I do not think I should go beyond that at this time.

Mr. Hellyer: I do not wish to labour the point. I wondered whether the minister had under advisement the possibility of putting into effect a regulation which would govern the system of recovery, rather than leaving it a discretionary matter as it is at the present time.

Mr. Fleming (Eglinton): I am sure that only good will come of the study the public accounts committee is making of this matter

at the present time. If a recommendation is made by the committee it will of course be very seriously considered.

Mr. Batten: I should like to know how many warehouses are involved in this item and the location of each.

Mr. Fleming (Eglinton): This present item involves two new contracts entered into after the previous estimates were presented. The first is in connection with the Chaîne Coopérative du Saguenay of Chambord, Quebec, and the amount of the subsidy is $47,500. The second is the Barker Storage Company Limited at Meaford, Ontario where the approved subsidy is $14,615. There is a third, the cost of the completion of a warehouse being built under a subsidy contract which was not foreseen at the time the previous estimates were completed. That is the Dairy and Poultry Co-operative Marketing Association Limited of Saskatoon. The subsidy in that case is $50,000.

Mr. Benidickson: Has the minister, after looking up the details on page 14, given any thought to the fact that we are not very consistent when we set out details of these expenditures for the convenience of members of parliament? I have observed that this has been the case in the past, also. With respect to items where the expenditure is not particularly great we are given details of individuals and how much they receive—sums of the order of $5 or $20, or $70—

Mr. Fleming (Eglinton): I think that is another item.

Mr. Benidickson: I know. The total there is about $12,000. But when my hon. friend asks a question with regard to companies across this land which might have been overlooked in last year's estimates as being entitled to subsidies under the legislation dealing with cold storage he is faced by the situation that a lump sum appears in the estimates —$98,432—with no details given. This obliged the hon. member for Humber-St. George's to ask the questions he did. It seems to me inconsistent to say so little when in the course of the next few pages, with respect to agriculture, we let it be known that Mr. So and So of rural route so and so gets $5 compensation for the loss of animals. What we see before us in connection with this item is complete repetition. There is no point in putting it there, because it is a mere repetition of the gross amount, though it is called a detailed item. I am not saying this has not been the practice for a long time but I just draw attention to what appears to be a lack of consistency when it comes to giving details.

Mr. Fleming (Eglinton): As the hon. gentleman has acknowledged, this is the form in which the supplementary estimates and, indeed, the main estimates have long been presented. There is a very good reason for the use of the form to which the hon. member drew attention when he referred to compensation for the slaughter of animals. If you will permit me, Mr. Chairman, to comment in advance on that item in view of the fact that the hon. member has done so, may I say we are dealing there with payments which are to be authorized to individuals; there is no such thing as a shift within an item. The ordinary right to allot within the total does not apply. In the case of item 659, however, there is, of course, the normal right to allot within the item. It is because there is a deficiency to meet in connection with the three particular projects to which I have referred that the additional sum is asked for, and in keeping with the form of the corresponding item in the main estimates it is a lump sum total.

Item agreed to.

661. Compensation for animals slaughtered—further amount required, $1,113,869.

Mr. McMillan: This item shows an increase of about 50 per cent over the estimates of last year. It is a large item—larger than usual—and no details are given with respect to it. Could the minister give us some more information?

Mr. Fleming (Eglinton): Yes, I shall be pleased to do so. There has, indeed, been an increase in the operations of this particular branch in relation to the slaughtering of animals and this item arises out of a need to pay compensation. The item consists of several portions. The first is the increase in the number of cattle slaughtered for which compensation is payable under the Animal Contagious Diseases Act brucellosis eradication program involving a sum which amounts to $545,662. The second portion is compensation for hogs slaughtered in swine herds infected with hog cholera. That total is $534,667. The third portion is the increase in the number of sheep slaughtered for which compensation is payable under the Animal Contagious Diseases Act scrapie eradication program, and the amount there is $138,376. The total of these three items can be taken as being $1,218,705. There is a reduction in that sum of $104,836 because of a smaller amount paid in respect of tuberculosis reactors slaughtered. Thus we arrive at a figure of $1,113,869.

(Translation):

Mr. Boulanger: I should like to ask the Minister of Finance (Mr. Fleming) his views on the epidemic hog cholera.

Yesterday, I read in the papers that the disease had now reached the epizootic stage in the riding of Nicolet, where 3,500 animals had to be slaughtered to date.

In the neighbouring areas there were many centres of infection, nine in Arthabaska, 10 in Drummond, 23 in Nicolet and 18 in Yamaska. That was on February 14.

I do not have the latest figures here, but, according to the press, the situation is very serious.

I therefore would ask the Minister of Finance whether he has any comments to make in order to reassure the farmers of that area, who hope to see that epizooty stopped as soon as possible.

Mr. Fleming (Eglinton): I have no information with regard to widely scattered constituencies, but if the hon. member would submit a definite question, I would make the necessary inquiries and let him have any information I would receive.

Mr. Boulanger: I would like to know whether the minister is aware of the causes of that infection in that district.

This is what a news item published in the Sherbrooke paper *La Tribune,* said on March 25 last:

> According to Dr. Armand Methot, of Acton Vale, the epizooty is now regressing.
>
> The causes of the disease are attributed to hog imports from the United States, because of the contacts through a lack of sanitation in handling the animals.

According to comments which circulate in my riding, the disease is due to hog imports from the United States.

Mr. Fleming (Eglinton): Mr. Chairman, I must repeat to the hon. member that I have no information to give him with regard to that epizooty. If he would submit a specific question, I would get the information for him.

(Text):

Mr. Pitman: Mr. Chairman, I would like to take advantage during the discussion on this supplementary estimate to put forward the suggestion to the Minister of Finance, in cooperation perhaps with the Minister of Agriculture, that animals destroyed because of rabies be brought within the regulations of the Animal Contagious Diseases Act, so that the owners could be compensated in this regard. I understand some months ago there was a rabies epidemic and that compensation was made by the federal government through order in council on the basis of 40 per cent by the federal government, 40 per cent by the provincial authorities and—

The Deputy Chairman: Order. I would like to remind the hon. gentleman that this discussion on supplementary estimates is not the same as the discussion on the first item of the department and therefore we must confine our consideration to the individual items.

Mr. Pitman: I am sorry, Mr. Chairman. I simply wanted to ask the minister whether it was possible to compensate farmers in this regard.

Mr. Fleming (Eglinton): That matter does not arise under this item. I am informed that question has been discussed in previous sessions but I think the hon. member will have an opportunity to raise it during the consideration of the main estimates of the Department of Agriculture for the fiscal year 1961-62.

Item agreed to.

Livestock division—

663. Supervision of race track betting—further amount required, $35,000.

Mr. McMillan: Mr. Chairman, I notice that this involves $35,000 as compared with the amount last year for supervision of race track betting, and I wonder why the government has to spend that amount?

Mr. Fleming (Eglinton): As the hon. member is aware, this is a service that does produce a revenue. In this particular case the additional sum of $35,000 is required to meet the increase in the cost of the Royal Canadian Mounted Police supervision as a result of the higher salaries granted to R.C.M.P. personnel, effective September 1, 1960.

Mr. Benidickson: Frankly I was not aware, and perhaps I should have been, that there are costs related to the R.C.M.P. under various departmental estimates other than the estimates of the department of the Minister of Justice. Are there many of this type of charge in votes that would not show under the R.C.M.P. vote which apparently covers the total cost of maintaining this federal police force? In other words, if members of the R.C.M.P. were to perform a service on an Indian reservation would a vote of this kind be found under the Department of Citizenship and Immigration? Apparently in this case they are operating under a federal statute in providing a service to the rack tracks in the form of supervision, but the cost is charged to the Department of Agriculture.

Mr. Fleming (Eglinton): I am not aware of any other votes of this type, Mr. Chairman. This is an item respecting a service and of course a charge is made for the service, but revenue is yielded. As a matter of fact the revenue yielded is expected to be in the amount of $712,000. This is not a service through which the crown is out of pocket. This is the only service that the R.C.M.P.

renders to the Department of Agriculture and the only item of this type of which I am aware.

Mr. Hellyer: Mr. Chairman, I always thought that the federal government's share of the pari-mutuel take could be construed as a tax, such as a money transfer tax, and I am a little bit surprised to hear that we have to provide such an expensive service in the process of collecting this tax which the minister now describes as revenue. Is there some way that the federal government could charge the race track association for this service which is being provided so that it could be recovered?

Mr. Fleming (Eglinton): That is what is being done.

Mr. Hellyer: Is the minister now saying that this cost is recovered from pari-mutuel takes?

Mr. Fleming (Eglinton): This is a service that is rendered to the race tracks, and a charge is made to cover it. This is not a tax in the ordinary sense at all, but a charge for that service rendered. The service rendered here involves a statutory levy of one half of one per cent on all moneys wagered at tracks and involves R.C.M.P. supervision regarding photo finish camera finishes, and the taking of saliva and urine tests at the major race meetings.

Mr. Hellyer: The minister is now saying that the percentage taken on betting is fixed and is by way of remuneration to the federal government for services provided rather than a tax, is that the case?

Mr. Fleming (Eglinton): That is right.

Mr. Hellyer: I would commend the minister to consider an increase in the rate when he is considering these matters in the next few weeks.

Mr. Fisher: I would like to ask the minister if the purpose of this service is connected with the approving of the breed of race horses, or is it a form of protection to the bettor insuring that he has a fair deal?

Mr. Fleming (Eglinton): This is to assure that we have an effective operation at race tracks within the law.

Mr. Fisher: What is the reason for this charge appearing under the agriculture estimates when it involves primarily the service of Royal Canadian Mounted Police officers supervising urinalysis and that type of test?

Mr. Fleming (Eglinton): It is because the Department of Agriculture is responsible for the operation of all manner of racing at fairs and other meets of that kind which are definitely agricultural in their nature. This item covering this service has been in the Department of Agriculture for as long as I can remember.

Mr. Fisher: I suggest that now is the time to raise this issue. This is obviously a very large commercial operation.

Mr. Fleming (Eglinton): I would draw the hon. member's attention to the fact that this falls directly under the provisions of the Criminal Code, and the Criminal Code makes the Minister of Agriculture responsible for the supervision of pari-mutuel race track betting.

Mr. Fisher: I wonder whether the minister's attention was directed to the debate in the Ontario legislative assembly in relation to race track betting and gambling, and in particular in regard to the percentage going to the provincial and federal governments as compared with the amount which goes to the Ontario jockey club, for example. I wondered what part the federal government would play, or whether this item would have anything to do with the part it would play in the determination of how the cake or pie is sliced?

Mr. Fleming (Eglinton): Mr. Chairman, I am not acquainted with the debate to which the hon. member refers. I must say that I am kept busy trying to keep up with the debates of this house without having to look into debates that occur in the different provincial legislatures. So far as taking into account the respective levies by the provincial and federal governments is concerned, all I can say is that this is provided to pay for the cost of these services, which an enactment of parliament has laid upon the Minister of Agriculture, in relation to pari-mutuel betting.

Mr. Benidickson: Mr. Chairman, under the procedure which we follow we do not receive information regarding the balancing of revenues unless we ask questions. The minister has indicated that related to this item of expenditure is an intake based on 1½ per cent, is it, on the mutuel betting?

Mr. Fleming (Eglinton): One half of one per cent.

Mr. Benidickson: We know from the main estimates that in 1960-61 it was indicated that we would have an expenditure of $593,000. This is an additional $35,000. If the minister has the information conveniently handy, would he indicate to us what revenue under this item is estimated for 1960-61? Has he a prospective figure for 1961-62, and has he the figure for 1959-60?

Mr. Fleming (Eglinton): Yes; the actual figure in the current fiscal year up to February 20, was $712,000, as I intimated earlier. The figure of revenue for the fiscal year 1959-60 was $673,917.

Item agreed to.

664. Agricultural lime assistance, further amount required, $200,000.

Mr. Hellyer: Would the minister give us what information he has in respect of this item?

Mr. Fleming (Eglinton): This is an item of agricultural lime assistance. This is simply an addition of $200,000 as a further amount required in addition to the sum of $1,200,000 voted in the main estimates.

This assistance is based on a subsidy not to exceed 60 per cent of the total amount expended by the provinces for any direct activity in increasing lime utilization for soil amendment purposes, such as transportation costs and, in some cases, lime production.

The use of lime in the present fiscal year has extended beyond the sum that was contemplated when the item was written into the main estimates. I am told that the increased use of lime in eastern Canada is attributable to a long, open autumn season.

Item agreed to.

665. Contributions to the governments of the provinces of Alberta, Saskatchwan, and Manitoba, in accordance with terms and conditions prescribed by the governor in council, of one half the amounts paid by the governments of those provinces to farmers in respect of their 1959 unharvested crops to a maximum of $300 in respect of any one farm—further amount required, $390,000.

Mr. Hellyer: Will the minister give us the details of this vote as well, if he has them before him?

Mr. Fleming (Eglinton): This is an item covering contributions to the three prairie provinces in respect of the program of assistance to the farmers in those three provinces in respect of the 1959 unharvested crops. The house previously authorized the payment of 50 per cent of the cost of the emergency unharvested crop costs in those three provinces, and this item is based upon claims filed by the provinces and as yet unpaid and on claims still to be filed by the provinces. The amount in the previous supplementary estimates was $1,060,000, and this is an addition of $390,000 thereto.

Item agreed to.

Special—

666. Estimated amount required to recoup the agricultural commodities stabilization account to cover the net operating loss of the agricultural stabilization board as at March 31, 1961, $69,504,548.

[Mr. Benidickson.]

(Translation):

Mr. Boulanger: Mr. Chairman, I apologize for having spoken a little too soon during consideration of the supplementary estimates of the Department of Agriculture, when I raised the matter of the stabilization of agricultural prices. The fact is that I wanted to put certain questions to the Minister of Finance (Mr. Fleming).

The other day, the Minister of Agriculture (Mr. Hamilton) claimed that farmers' increase in income over the past three years resulted from the operation of the Agricultural Stabilization Act. I do not think that claim is quite true.

In order to determine the average net income of farmers for the years 1947 to 1956 inclusive, and compare it with the figures for the years 1957 to 1960 inclusive, I made the calculation and I find that it is $234 million less per year. In fact, for the ten-year period from 1947 to 1956, the average for all of Canada was $1,459,000,000, as against $1,220,-200,000 for the years 1957 to 1960, a difference of $238,800,000.

Could the Minister of Finance indicate whether, in view of the tremendous amounts spent over the past five or six years to stabilize agricultural prices, a bill will be introduced to carry out the pledges that were made to give the farmers parity, not charity.

Could the minister also give us the breakdown of the amount of $69,504,548 that we are asked to vote under item 666?

(Text):

Mr. Fleming (Eglinton): Mr. Chairman, this is a very large item. It is one of two really extraordinarily large items in these final supplementary estimates. This is the estimated amount required to recoup the agricultural commodities stabilization account to cover the net operating loss of the agricultural stabilization board as at March 31, 1961, in the sum of $69,504,548.

This is an item that arises annually in the final supplementary estimates. That was the practice last year and it was the practice in previous years. It is only when we reach the end of the year, actually, that we know what is going to be the total amount required to recoup the agricultural commodities stabilization account. The practice has been to provide for this recoupment in the final supplementary estimates as close as possible to the end of the fiscal year. Even then it may not be possible to estimate it with absolute precision. We do the best we can in this respect; but from the time the item is made

up and the final supplementaries are tabled in the house to the March 31 following, there may be some variations in the amount.

This is the largest sum that has been expended in any one fiscal year thus far in agricultural stabilization. The sum voted a year ago in respect of the fiscal year 1959-60 was $57,661,176. In the previous year, the fiscal year 1958-59, the sum voted was $15,017,182. This illustrates the very large growth in the amounts provided by parliament under the terms of the Agricultural Stabilization Act to meet the problems of fluctuations in agricultural income and to make provision for stabilization of returns to agriculturalists from the various types of production of agricultural products. This year's outlays, Mr. Chairman, for this purpose, cover the purchase programs for butter, eggs, dried skim milk, cheddar cheese, fowl, raspberries, lamb and pork. Of course, pork was by far the largest item. It covers as well the deficiency payments on the deficiency programs and it covers the subsidy programs as well.

(Translation):

Mr. Boulanger: Does the minister know the amount spent so far on butter, eggs and pork?

Mr. Fleming (Eglinton): On butter, the amount spent is $2,208,774.

Mr. Boulanger: And what about pork? The last figure was for butter?

Mr. Fleming (Eglinton): Butter, yes.

Mr. Boulanger: What about pork and eggs?

(Text):

Mr. Fleming (Eglinton): So far as pork is concerned, under the purchase program the sum in the fiscal year ending March 31, 1961, is $45,846,270.80.

(Translation):

Mr. Boulanger: Perhaps I should ask the minister to give us the list. I do not ask him to give it immediately, but perhaps he might have it printed in *Hansard,* where we could look it up.

Mr. Fleming (Eglinton): For all products, or only eggs?

Mr. Boulanger: For all products.

Mr. Fleming (Eglinton): Yes, certainly. Would the hon. member allow me to give him these figures in English?

Mr. Boulanger: I have not asked the minister to give the figures today, but he could have them printed in *Hansard.* That would be satisfactory, as I do not wish to delay the proceedings of the house.

Mr. Fleming (Eglinton): Thank you very much.

(Text):

The Deputy Chairman: I understand that the consent of the committee to put these figures on *Hansard* is desired. Is it agreed?

Some hon. Members: Agreed.

(Editor's note: The table of figures above referred to follows.)

Estimate of Net Loss of Agriculture Stabilization Board, April 1, 1960, to March 31, 1961.

Purchase—Sale Program	
Butter	$ 2,208,773.92
Eggs	12,854.93
Fowl	295.27
Dry skimmed milk	5,019.03
Cheddar cheese	253,329.12
Lamb	90,000.00
Pork	45,846,270.80
Raspberries	269,343.22
Deficiency Payments	
Eggs	2,110,978.40
Wool	1,268,695.62
Hogs	15,039.46
Soya beans	862,761.94
Sugar beets	2,715,764.73
Sunflower seed	44,377.49
Subsidy Payments	
B.C. tomatoes	36,027.77
Milk for processing	11,100,513.87
Loss underestimated in 1959-60	2,664,501.80
	69,504,547.37

Item agreed to.

SECRETARY OF STATE

Civil service commission—

667. Salaries and contingencies of the commission —further amount required, $30,000.

(Translation):

Mr. Chevrier: Mr. Chairman, I should like to deal with a subject coming under item 167 which deals not only with the civil service commission but with the Department of Transport as well. I am going to try and be as brief as possible in order not to delay this item.

I have here a letter from Riviere-Madeleine. A man named Josephat Ste-Croix, assistant lightkeeper on Anticosti island, has been laid off, just like that, though he had worked seven years for the department and in spite of the fact that he has seven children. He was given only a week's notice that his services were no longer required. He asked me to take the matter up with the civil service commission and with the Minister of Transport (Mr. Balcer). I first wrote to the Minister of Transport who is primarily answerable for lightkeepers. Here is a paragraph of the letter I received from the minister under date of November 8:

> It so happens that this case falls under the juridiction of the civil service commission and I hasten to draw your letter to the attention of the president, the Hon. S. H. S. Hughes, asking him to get in touch with you on this matter.

Meanwhile, I had also written to the president of the civil service commission asking for explanations about that case.

The president of the civil service commission told me that the matter was outside his province. Here are the contents of the letter he sent on November 25:

I am fully conscious of the obligation of the civil service commission to protect classified employees of the civil service and I know where my own duty lies as chairman of the commission, but we must not forget that Mr. Ste. Croix, as assistant lightkeeper is not and has never been under our jurisdiction.

Now, here is what happened. After that man had worked for seven years as assistant keeper, the civil service commission was asked to open a competition. Mr. Ste. Croix was invited to compete, which he did, and he succeeded, as was indicated by both the Minister of Transport and the chairman of the civil service commission, since his result was 75 per cent; but another person, who had obtained 72 per cent, but who was entitled to veteran's preference, supplanted him.

I do not complain of the fact that a veteran should come ahead of one who is not. What I do complain about, however, is the fact that as a result of a competition in which he succeeded, Mr. Ste. Croix was dismissed from his employment, after spending seven years in a position with which, by then, he was thoroughly familiar, while his successor knew nothing about it. He was laid off, he is now seeking a job and depending on unemployment insurance, notwithstanding the fact he is the father of seven children.

Above all, I complain of the fact that the Minister of Transport and the civil service commission are both passing the buck to one another. It is clear that lightkeepers come under the Minister of Transport, but assistant keepers come under the keeper himself, in accordance with a contract. That is the situation which has been existing for years. But it has been established in the Department of Transport for many years that every effort would be made to provide work to assistant lightkeepers who might find themselves in similar circumstances.

Perhaps his political affiliation may have been taken into account—but I would not like to raise that matter, although he wrote to tell me he had been dismissed only on account of that. I do insist on the fact that the policy which has been in force in the Department of Transport for years has not been adhered to. In this particular instance, I complain, above all, of the fact that the Minister of Transport wrote me to tell me that the matter comes under the civil service commission, while the civil service commission states they have nothing to do with the matter, as indicated in the letter I received from Mr. Hughes. When the civil service commission, according to Mr. Hughes' letter, says that Mr. Ste. Croix obtained 75 per cent, while the other obtained only 72 per cent, I say, Mr. Chairman, that this is an injustice. If the Minister of Transport to whom I sent a note to advise him of our intention to raise the matter were in the house, he would partly agree to my assertions since one of his letters implied that the department would try to find a job for that assistant lightkeeper.

Mr. Ste. Croix has unfortunately been out of work since last November and despite the efforts of the Minister of Transport—if he made any, and I am willing to believe that he did—he is still unemployed.

Therefore, I wish to bring that case to the attention of the Minister of Finance because it involves a serious injustice to the above-mentioned person.

Mr. Fleming (Eglinton): Mr. Chairman, I will be pleased to communicate the representations of the hon. member for Laurier to my colleague the Minister of Transport.

(Text):

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department—

668. Canadian representation at international conferences—further amount required, $31,500.

Mr. Cardin: Mr. Chairman, there is a further amount required of $31,500 under this item for representation at international conferences. I know it is quite difficult to estimate the actual amount of money that will be spent on conferences such as these, but I wonder whether or not this particular amount has been earmarked for a particular conference or whether it represents a general increase in expenditures?

Mr. Fleming (Eglinton): It will be voted as a general increase, but there were several conferences in particular, the holding of which has led to this additional requirement. There is the multilateral tariff conference of the contracting parties to GATT which has been proceeding at Geneva. This is one of the meetings that has led to this additional requirement. There is also the cost of representation at the resumed session of the general assembly of the United Nations this month. In addition there was the NATO ministerial

meeting in December, 1960 and the United Nations scientific committee on the effects of radiation which met this month.

Mr. Cardin: Could the minister give the total amount of the expenses?

Mr. Fleming (Eglinton): I could give the items in total, Mr. Chairman. The main estimate provided $295,000 and this vote of $31,500 will bring the total for the item to $326,500. If the hon. member wishes a breakdown, I can give him a breakdown. The item is made up chiefly of travelling expenses, telephone, telegraph expenses and so on.

Mr. Benidickson: I notice that the form in which the details are provided on page 16 indicates that is the case. I do not know whether or not it is convenient for the minister to break down the total sum as between conferences rather than for items of expenditure. Has the minister that information?

Mr. Fleming (Eglinton): Naturally these are estimates. I may say that approximately half of this additional sum is considered to be required by reason of the resumption of the United Nations general assembly meeting this month.

Mr. Benidickson: This is quite unusual.

Mr. McGee: I wonder whether or not the minister could make any comment on the adequacy of the expense money paid to our representatives at the United Nations. I have heard from various sources that New York is becoming an increasingly expensive place to live. Has any serious consideration been given to any change?

Mr. Fleming (Eglinton): I have heard it said that the expense allowance provided is inadequate to pay the expenses of delegates attending these conferences. In fairness to those who represent Canada at these meetings, I should like to say that there may be some people who think that being appointed a delegate or a parliamentary observer to the Canadian delegation to the United Nations assembly is something of a joyride. As hon. members who have been there well know, these delegates put in long hours of intensive work. Having regard to the cost of living in cities like New York, I do not pretend for one moment that the present allowance is generous.

This matter has been brought to my attention by some hon. members who have been through the experience of representing Canada at these sessions, and they have told me that they have been substantially out of pocket in consequence. I will say for myself, Mr. Chairman, that I do not believe any Canadian delegate should be denied a reasonable sum to meet the costs of sojourning in cities like New York, well knowing that the cost of living in such cities is very high indeed. What has been said by hon. members is being examined.

Mr. Cardin: I am very sympathetic toward any member of parliament who is sent abroad to attend these conferences. I also feel that they should be given greater expense allowances.

I wonder if the minister could give the committee the amount of the living allowance for a delegate attending the United Nations?

Mr. Fleming (Eglinton): Perhaps the hon. member would permit me to send him that information.

Item agreed to.

669. Gift on the occasion of the wedding of the King of the Belgians, $1,500.

Mr. Herridge: This item covers a gift on the occasion of the wedding of the King of the Belgians. I would be interested to know what the gift was and who was responsible for purchasing it.

Mr. Fleming (Eglinton): The purchasing, in a case like this, is carried out by the Department of External Affairs. The gift, in this particular case, was essentially a Canadian product, namely a Canadian wild mink stole.

Item agreed to.

670. Gifts to commemorate the independence of African states, $1,200.

Mr. Chevrier: The committee will recall that in connection with this matter the Secretary of State for External Affairs rose in the house some time ago and referred to an agreement which had been made between the government—perhaps I am mistaken as to the details—and the University of British Columbia concerning scholarships.

Mr. Fleming (Eglinton): This item has nothing to do with those.

Mr. Chevrier: I think it has, Mr. Chairman, and I should like to discuss the subject very briefly. If the minister will bear with me. I think I can conclude my remarks rather quickly. I believe the committee was very happy with the arrangement which the minister announced, namely that there should be an understanding between the University of British Columbia and a university in Malaya or some other federated state—I think it was Ceylon—in connection with an exchange of students.

I wonder whether the government had or is giving consideration to a similar arrangement, (1) with reference to universities in other parts of Canada, and I have in mind

particularly those in the province of Quebec and, (2) with reference to the French communities of the African states? After all, this gift is to commemorate the independence of the African states, and there are quite a number of them that have now joined the United Nations. I am anxious to know what the government is doing with reference to that matter which has been mentioned in the house from time to time. The government has said repeatedly that consideration was being given to it.

I think the universities in the province of Quebec, particularly because of the language aspect, and in other parts of Canada could be of tremendous assistance in so far as the French communities of the African bloc are concerned. My purpose in bringing the matter to the government's attention was to inquire where the government stood on the matter with reference to both the commonwealth nations and the African states.

Mr. Fleming (Eglinton): Item 670 relates merely to gifts to the African countries to commemorate their independence. These gifts, apart from special cases like Nigeria or Ghana which are commonwealth countries, have taken the form of Canadian books. In the case of countries in which English is the spoken tongue, the books of course have been English. In countries where French is the spoken tongue, the Canadian books have been in the French language. There were 13 of these African countries, and the first six are included in these supplementary estimates, Mr. Chairman. There will be gifts of $200 each made to them in the form of Canadian books. They are the Republic of the Congo, Mauritania, Republic of Cameroon, Malagasy Republic and the Central African Republic and Somalia Republic.

Mr. Chevrier: May I call it six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Chevrier: Mr. Chairman, before the committee rose at six o'clock I was making inquiries of the government concerning vote 670 relating to gifts to commemorate the independence of African states. I was referring to what the Secretary of State for External Affairs had stated with reference to an arrangement made between the University of British Columbia and one of the universities of the federated state of Malaya in connection with an exchange of professors.

I realize that perhaps my question is not entirely germane, but none the less I believe it can be brought under this item. I do not wish to delay the passage of this item, but I wonder whether the minister would be good enough to bring the committee up to date on what has been done with reference to assisting universities in other provinces, particularly the province of Quebec, in so far as commonwealth scholarships are concerned, and also scholarships to the French community of states in the African bloc.

Mr. Fleming (Eglinton): Mr. Chairman, the lending of a professor to Malaya related to the provision made for sending a professor to that country recently. That, of course, had nothing to do with the question of bringing students to the French language universities of Canada.

Some students are already studying at the French language universities of Canada under Colombo plan aid. This plan for students from the French speaking states of Africa to come to Canadian French language universities is a matter which has been under study.

My colleague, the Secretary of State for External Affairs, has mentioned this plan in the house on several occasions and has indicated the efforts he is making to facilitate aid in such cases.

Mr. Chevrier: I am grateful to the minister for what he has said. I hope the government will give consideration to this latter matter, namely the establishment of bursaries in Quebec universities for the French community of states in the African bloc.

Mr. Fleming (Eglinton): Communications have been passing between the Department of External Affairs and the French language universities of Canada on this subject.

Mr. Benidickson: Mr. Chairman, I wish to say just a word in connection with this item. The minister has indicated the nature of Canada's gifts in this respect. The hon. member for Laurier has indicated that we should perhaps give more consideration to Canada providing bursaries to students from those areas of Africa which have French speaking populations.

During the short time that I spent at the United Nations last year, when there were in attendance so many new delegations from Africa and Asia, I was greatly impressed by the delegates whose native tongue was French. I wish to pay tribute to a member of the Canadian delegation who was in constant attendance at the United Nations last fall, and who I think is there at the moment. I refer to the hon. member for Charlevoix. The hon. member was relied upon very much by the Canadian delegation. He performed a great deal of good work in his approaches,

through his knowledge of their tongue and because of his own personal qualities, to these people from the African states who spoke French and who were attending the United Nations.

I think it is very important to make sure that we make provision, not only in this item but in other items in other estimates, for students to come to Canada. There should be proper provision for students to arrive from Asia, Africa and those countries where French is the native language.

Item agreed to.

671. To provide for memorial plaques presented to Ireland to commemorate the life and work of Thomas D'Arcy McGee, $800.

Mr. Herridge: Mr. Chairman, vote 671 is to provide for memorial plaques presented to Ireland to commemorate the life and work of Thomas D'Arcy McGee. I am rather curious as to what was the inscription on these plaques. Has the minister any information on what was the inscription and who composed the inscription, and can he assure us that it did not contain any Progressive Conservative propaganda?

Mr. Fleming (Eglinton): Mr. Chairman, I cannot tell the hon. gentleman exactly what the inscription was, but I would not be surprised if it had something to do with Dublin's fair city, where girls are so pretty.

Mr. Benidickson: Mr. Chairman, this is not a large item. We heard previously about transferable items. I think I have read that these plaques have already been erected. Under what circumstances are we now being asked to authorize this expenditure?

Mr. Fleming (Eglinton): The government has power, of course, to make provisions of this kind under the minor and unforeseen vote provision.

Mr. Benidickson: This is a replacement from that fund?

Mr. Fleming (Eglinton): Yes.

[*April 10, 1961*]

I have since been informed that the sum in question is not a replacement to that particular fund. I had previously referred to the minor and unforeseen vote provision. The Department of Public Works had paid for the two plaques in question and provision was made in item 671 for a replacement of that expenditure on behalf of the Department of Public Works.

Mr. Chevrier: Why is it "plaques" and not "plaque"?

Mr. Pearson: How many were there?

Mr. Fleming (Eglinton): There were two plaques. One was written in Irish, and one in English.

Item agreed to.

Contributions to international economic and special aid programs—

Special aid programs—

672. Contribution to the United Nations fund for the Congo in an amount of $1,000,000 U.S. notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of February 1961, which is, $991,000.

Mr. Pearson: I wonder if the minister would give us some information about this item which is a contribution to the United Nations fund for the Congo. What proportion of the total contributions to this fund would this vote of approximately $1 million represent? What is the work covered by this vote? I am certainly not quarreling with Canada's contribution. Do we get any consideration for the money which we are already spending on the maintenance of our force in the Congo and that kind of thing?

Mr. Fleming (Eglinton): This item of $991,000 is the equivalent in United States funds of $1 million. It has nothing whatever to do with the support of military operations carried out by the United Nations or the support of Canadian forces in the Congo. It relates only to civil operations of the United Nations.

Last September the Secretary General of the United Nations urgently recommended to the security council that a fund of $100 million be established for the Congo. That recommendation was approved at the fourth session of the general assembly and the secretary general then requested all member governments to give urgent consideration to making a contribution to this fund. Canada's contribution, as recommended in this item, is $1 million. The fund is intended to bring immediate financial assistance on a large scale to re-establish stable administration and internal security in the Congo and to restore normal economic life. It is not designed to set up a permanent subsidy as the Congo is expected to pay its own way both currently and for development purposes in what, it is hoped, will be the near future.

The Prime Minister in his speech at the United Nations general assembly on September 26 pledged Canada to contribute a portion of this proposed fund. The United States has made two contributions of $5 million each. The Netherlands has contributed $1 million. New Zealand, for example, contributed $280,000.

Mr. Pearson: Are those the only members who have made contributions to this fund?

Mr. Fleming (Eglinton): The pledges which, of course, are not all paid, are as follows according to the latest information I have: Australia, $750,000; Cambodia, $2,040; Den-

mark, $600,000; Haiti, $2,000; India, $105,000; Iran, $25,000; Ireland, $25,000; Liberia, $250,000; Morocco, $39,526; The Netherlands, $1 million; Norway, $490,616; New Zealand, $280,000; The Philippines, $10,000; Sweden, $1,391,304; Tunisia, $10,000; United Kingdom, $3 million.

Mr. Pearson: I think ours is a very worth while contribution and we certainly do not oppose it in any shape or form. I note that no communist member of the United Nations has made any contribution to this effort. Perhaps that is not surprising in view of the general attitude they take towards these United Nations activities.

I wonder if the minister has any information about the actual administration of this fund, which is a substantial one designed to assist the authorities in the Congo to establish themselves. I should like to know something about the administration of the fund if the minister has that information available. I should like to know whether the United Nations authorities are getting co-operation from the local authorities in the Congo? We read a good deal in the press about the—perhaps I can call it negative—attitude taken towards the United Nations activities and I was wondering what had been the experience of the United Nations in administering this fund in the Congo.

Mr. Fleming (Eglinton): I speak with some diffidence because I am not at all sure that my information is complete but I understand that the fund has not yet reached its objective by any means. As a matter of fact it amounts thus far to less than $20 million of the $100 million which the United Nations assembly envisaged as an objective. So the experience thus far may be too limited to be an indication of what may be expected on the whole. My information is that the work of the United Nations in making use of this fund has been on a very limited scale thus far.

Mr. Benidickson: The minister and I were together in November when something of a financial crisis developed at the United Nations because it was not clear whether or not all members of that body were prepared to bear their proper financial share in support of the United Nations peace effort in the Congo and the forces which had been sent there. Has that picture cleared, and to what extent has it any relation with the item before us?

Mr. Fleming (Eglinton): That, Mr. Chairman, is a different item—item 678—and we shall come to it in due course.

Item agreed to.

673. To reimburse the agricultural products board account for whole milk powder donated for international relief purposes, $2,420,000.

[Mr. Fleming (Eglinton).]

Mr. Herridge: We are very pleased to support this item. However, could the minister give us some idea of the distribution of this amount of powdered milk by countries?

Mr. Fleming (Eglinton): Yes, Mr. Chairman. This item has provided for the distribution of 22 million pounds of milk powder as shown in the following table. I will give round figures if that meets with the hon. member's approval. The table follows:

UNICEF	15,600,000	pounds
Gold Cross	2,105,000	"
Canadian Save the Children Fund	216,000	"
Canadian Lutheran World Relief	552,000	"
Care of Canada	2,005,000	"
Canadian Red Cross	80,000	"
Council of Churches	65,000	"
Mennonite Central Committee	500,000	"
TOTAL	21,123,000	"

Mr. Benidickson: If we did not have this item in its present form as a contribution to international relief and special aid programs, would it otherwise have some bearing on an item we passed earlier when we were dealing with agriculture, item 666 concerning the agricultural commodities stabilization account?

Mr. Fleming (Eglinton): Yes, Mr. Chairman.

Mr. Benidickson: It would otherwise, perhaps, have had a relationship to that other vote?

Mr. Fleming (Eglinton): Yes.

Item agreed to.

674. To reimburse the agricultural commodities stabilization account for canned pork and the agricultural products board account for whole milk powder supplied as emergency food relief for the Congo, $6,200.

Mr. Pearson: This is another small vote for the same purpose as item 673. We have heard and read reports to the effect that some of these relief supplies, more particularly canned pork, have been sent to certain areas—and, again, I am thinking of the Congo—with the best of intentions to assist in relief and rehabilitation in those areas, but that they have not proved too effective for that purpose. Can the minister indicate whether the allocation of canned pork for relief has proved a happy experience on the whole or has there been trouble about this?

Mr. Fleming (Eglinton): Mr. Chairman, the problem of the pork surplus has now been largely resolved, but I must say it was found, when inquiry was being made around the world as to countries in need which might be glad to have this food assistance, that the number of countries which had the problem of hunger and under-nutrition did not coincide with the number of countries willing to take pork. We found that pork was

unacceptable in some countries even on an aid basis. However, this small item is to recover the gift of canned pork on an emergency basis to assist famine victims in the Congo.

Mr. Cardin: I wonder whether the minister can inform the committee whether this total amount in the special aid program of $3,417,000 is in addition to the amount of $2,481,000 in the main estimates?

Mr. Fleming (Eglinton): Yes, the $3,417,000 item is simply the total of the three new votes, 672, 673 and 674.

Item agreed to.

675. Assessments for membership in the international (including commonwealth) organizations that are detailed in the estimates including authority to pay such assessments in the amounts and in the currencies in which they are levied—further amount required in Canadian dollars, estimated as of February, 1961, $401,500.

Mr. Chevrier: Mr. Chairman,, if one looks at the details of this item it will be noted that the amount of $401,500 is that amount required to pay the assessment for the fiscal year ending 1960 for all of these international conventions.

Mr. Fleming (Eglinton): These are payments which fall due in the fiscal year 1960-61.

Mr. Chevrier: How are these amounts arrived at? Are they arrived at on the basis of population or on some other basis?

Mr. Fleming (Eglinton): The shares of these various committees all follow an established division upon the basis of the assessment to different countries. This particular total of $401,500 is actually composed of about one dozen items including the United Nations organization, the food and agriculture organization, the international atomic energy agency, and so on. In every case the assessments are arrived at by decisions of the budgetary committees of these organizations.

Mr. Chevrier: What are the countries that do not pay their assessments?

Mr. Fleming (Eglinton): To which organization?

Mr. Chevrier: I refer to the organizations mentioned in detail, and there are about ten of them.

Mr. Fleming (Eglinton): That does not, as I understand it, enter into this question at all. This involves simply the matter of paying Canada's contribution in full to these organizations. That is not to say that this is an additional assessment that arises out of the failure of some other country or countries to pay its or their assessments. This is a matter of making an estimate at the beginning of the year when the main estimates are being made up for presentation to the committee in an attempt to arrive at the best estimate of what may be Canada's assessment in these various organizations. In these cases the Canadian assessment is larger than was estimated. For instance, this supplementary estimate for the United Nations organization provides an additional $248,354, and in regard to the food and agriculture organization provides an additional $11,230, and so on down the list.

Mr. Chevrier: In the case of ICAO this provides for $1,817 out of a revised total assessment of $192,496. The question I have is, do all member nations or states of ICAO pay a similar or proportionate amount?

Mr. Fleming (Eglinton): Yes, each member country has an assessment to meet. I am told that much of this particular item, and indeed others, is the result of the reduction in the premium of the Canadian dollar during the past year. The ICAO item is all attributed to the reduction in the exchange value of the Canadian dollar.

Mr. Pearson: Is the amount of $248,000 in respect of the United Nations due to an alteration in our percentage, or the application of the same percentage to additional expenditures?

Mr. Fleming (Eglinton): There is no addition, I am told, to Canada's percentage but the increase is caused by the application of Canada's percentage to a larger total, plus again the exchange difference.

Mr. Chevrier: I take it the item in regard to the commonwealth shipping committee is $17?

Mr. Fleming (Eglinton): Yes, and that is the difference of the exchange value in sterling.

Mr. Chevrier: What is the purpose of the commonwealth shipping committee?

Mr. Fleming (Eglinton): I speak only from recollection because the information is not on the table before me at the moment. The commonwealth shipping committee, as I remember, is one of two organizations—the other of them being the commonwealth economic committee—which have their headquarters in London and are some years old. These two organizations are not among the recently formed commonwealth organizations. They have existed for some considerable time and I am sure that the hon. gentleman to the right of the hon. member for Laurier may be able to give a very complete account of these two commonwealth organizations and their beneficent work. As a matter of fact, I think this involves largely the pooling of information and methods of shipping.

Mr. Benidickson: I take it from the minister's reply to other hon. members that we have nothing unusual in this particular item but that it represents changes in the exchange rate on our dollar, and perhaps the over-all cost to us of our normal percentage of contribution to these various organizations to which we belong. The hon. member for Laurier raised a question regarding ICAO, and I believe we will find another item in the estimates with respect to the special Canadian obligation to ICAO. Regarding the United Nations will we not also find a special item where the percentage payments may not be supported on the usual pattern and that in consequence Canada will be asked—for instance with respect to the Congo as I suggested before—for special contributions?

Mr. Fleming (Eglinton): Yes.

Mr. Benidickson: In this item we are dealing with the normal percentage and there is nothing unusual which changes the pattern from that of the main estimates?

Mr. Fleming (Eglinton): That is correct. The distribution among the different countries and the assessments for the ordinary budget of the United Nations are, of course, different from those which apply to some of the special funds created by the United Nations.

Item agreed to.

676. To provide the international civil aviation organization with office accommodation at less than commercial rates, further amount required, $40,778.

Mr. Chevrier: This has to do with the rental arrangement in the international civil aviation building in Montreal. I presume this building is the property, or under the ownership, of the Canadian National Railways and is leased in large part to the international organization. What are the terms of the lease? If I read this item correctly, the lease provides for a fixed amount, but then by virtue of certain arrangements made between Canada and the nations which have agreed to come here and have this country as their headquarters in international civil aviation matters, Canada has agreed to make a certain deduction in the amount of the rent. Can the minister give an answer to these two questions?

Mr. Benidickson: While this is being calculated, may I add this. Does this involve extra space for the international organization, or the re-assessment of what would be a proper commercial rate? I presume it involves the payment of the difference between the rate agreed upon by these international organizations and the present-day commercial rents in the area of Montreal where this accommodation is provided?

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): The building in question is owned by the Canadian National Railways, and the Department of Public Works leases space from the Canadian National Railways and sublets it to ICAO at a reduced rate. The reason for the reduction in the rate is, of course, well known to hon. members and is approved.

The space in question is 30,000 square feet and the rate paid by ICAO is $1 per square foot. This proposed appropriation of $40,778 is to take care of additional floor space provided for ICAO in this way. On May 1, 1960, the Department of Public Works leased two additional lots of space in the building, one of 11,800 feet and the other of 3,450 feet. These two lots were leased in 1960. Then, just last month, the public works department leased an additional 3,500 square feet, and this proposed appropriation will take care of the portion of the rent chargeable to the Department of External Affairs and is what is in effect a subsidy payable to ICAO.

Mr. Chevrier: The minister has said that the rate is $1 per square foot. What I was trying to ascertain, although I did not put it in that way—I put it in the general rather than in the particular—is what is the per square foot rate paid by other tenants in the building? I am thinking now of the international aviation offices such as K.L.M., T.C.A. and others. Air France is not there, but there are other corporations that do not benefit from the advantage obtained by the international organization.

Mr. Fleming (Eglinton): I am told that the commercial rate varies somewhat, depending upon the space and the floor. The commercial rate is not the same in all three instances of those areas that have been leased. It runs between something over $2 and up to about $3 in those three lots. Therefore, the extent of the subsidy is the difference between those figures and the $1 per square foot which is paid by ICAO.

Mr. Chevrier: Has the matter of deciding on Canada as the headquarters for this international organization been finally concluded? As the minister knows, there was, because of some of these difficulties in the past, an attempt and a desire by not a majority but many of the member states to move their headquarters elsewhere. I think it is because of the manner in which the various governments of Canada have attempted to treat this international organization that it has decided to stay here; but I do remember there was a vote taken not many years ago, and I wondered whether it has now been finally decided that Canada will remain the headquarters of ICAO?

Mr. Fleming (Eglinton): I am aware that at one time there was a strong suggestion that ICAO might move its headquarters away from Canada, but I believe talk of that kind has subsided. I have not been hearing anything of it for the past year or more. There can be no finality about matters of this kind, but my understanding is that there is a reasonable degree of satisfaction now, certainly a greater degree than previously, with the retention of the headquarters at Montreal.

Mr. Benidickson: For the past year, then, our apparent subsidy or assistance to encourage the maintenance of this international organization in Montreal would include the item of $40,000-odd which we are now discussing. To this item should we add the item of $215,000 in the estimates of 1960-61? In other words, would it be about $255,000?

Mr. Fleming (Eglinton): The total it $256,-494, with the inclusion of the requested additional sum.

Mr. Benidickson: For the current year, the subsidy is $256,494 to encourage the maintenance of ICAO in Montreal in the building that otherwise would charge rents beyond what is being charged to them?

Mr. Fleming (Eglinton): Yes, Mr. Chairman.

Item agreed to.

677. Assessment for the United Nations Congo ad hoc account for 1960 in an amount of $1,506,232 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of February, 1961, which is, $1,493,000.

Mr. Pearson: This is a vote of almost $1,500,000 for Canada's assessment for the United Nations Congo ad hoc account. Can the minister give the committee some information as to the purpose of this vote?

Mr. Fleming (Eglinton): This is Canada's share of an assessment for the United Nations Congo ad hoc account for the year 1960. The United Nations operation in the Congo was established by the security council in July last. I do not think I need to go over all of the details. Hon. members are aware of the necessity of providing funds for this purpose, and of the steps taken at the fifteenth session of the assembly for this purpose.

The resolution passed at the assembly last year permitted the secretary general to expend first of all $15 million, and then later $40 million. When he presented his estimates for the Congo operation for the last six months of 1960 only they were in an amount totalling over $66 million. The secretary general put these costs in the supplementary estimates for 1960. No budget has yet been drawn up for the 1961 operation and that subject is being discussed in New York at the present time at the resumed fifteenth session.

So far as the distribution of the burden of these expenses is concerned, the obligation rests on members in accordance with article 17 of the United Nations charter. Several countries, including the United Kingdom, the United States and Canada, agreed to absorb certain claims so as to reduce the large over-all total of the cost of the operation. Canadian bills for the cost of the initial airlift of the Canadian contingent to the Congo amounting to some $600,000 were absorbed by Canada and have not been carried into the cost chargeable to the United Nations.

The Canadian government has indicated Canada's strong support of the United Nations operation in the Congo from its inception. All political considerations point to the necessity of continued Canadian support for United Nations action in the Congo. Canada's share of the cost of the operation in 1960, on the basis of the regular scale of assessments, is $1,506,232, and this present estimate is designed to provide that sum in United States dollars.

Mr. Pearson: Mr. Chairman, I am not opposed to this appropriation in any way. I am anxious, however, to have it made clear that this appropriation, from what the minister has said, is in addition to the expenses we bear for our own forces in the Congo. We pay the expenses of our own forces and in addition we are subscribing approximately $1½ million to the general fund to cover the expenses of the Congo intervention. So, unlike the situation in Palestine, I believe, we are not being credited in this fund for the expenses of our own contingent. I am not complaining about that. Canada is one of the countries trying to play their role in the Congo, at times without much co-operation from the Congo authorities themselves, and I think it should be made clear that Canada is one of the countries trying to play its part by providing for all the expenses of its own intervention and also making a contribution to those United Nations forces from countries that charge their expenses to the United Nations. Is that the situation?

Mr. Fleming (Eglinton): Perhaps it is not quite that. We have not received any reimbursement whatever so far from the United Nations on account of the expenditures we have incurred in supplying Canadian forces in the Congo. That is not to say that we do not hope some day to recover some portion

of that expense, but there is no fixed arrangement yet and this item has nothing whatever to do with the fund in item 672 which we have considered and to which Canada is contributing $1 million for civilian assistance.

This item represents Canada's assessment with respect to the military costs for the last six months of 1960 alone. No one can yet see the end of the road in the matter of cost in this United Nations intervention in the Congo nor the extent to which nor how long assistance may be required. One can only hope that good reason will prevail and that order will soon triumph over the chaos that has persisted in areas of that country. In the meantime we are bearing the outlays required in providing Canada's contribution to the United Nations forces there.

Mr. Benidickson: Mr. Chairman, in the wording of the item the phrase "ad hoc" is used. While I belong to the legal profession as does the Minister of Finance, I find that many people today use this phrase in a rather broad way. Am I right in thinking that when the words "assessment for the United Nations Congo ad hoc account" are used, what is meant is that this is an account which is special to the extent that it does not include participation by all normal participants in the United Nations activities and that this account is one to which Canada is contributing on a basis different from that normally applied in respect of other contributions? I understand that a number of nations which normally participate in United Nations affairs are remaining apart from this ad hoc account. Is that right?

Mr. Fleming (Eglinton): Yes. The significance of the expression "ad hoc account" is to indicate that it is special. It has a special purpose and thus far the money has been raised, to the extent it has been raised, by special means. The ordinary budgetary arrangements have not applied in this area. Indeed, as I mentioned earlier, special contributions by some countries, the United States, United Kingdom and Canada, have had the effect of reducing the sum to be raised by ordinary assessment by some $17½ million. In other words, the total amount to be raised by assessment has been reduced by these special contributions from $66 million to $48½ million.

Mr. Pearson: I have heard it stated, and perhaps the minister will confirm the statement or otherwise, that notwithstanding the contributions of countries like our own and the United States, the United Kingdom and others who customarily discharge their responsibilities to the United Nations in this manner, so completely negative has been the response of other members of the United Nations that the expenses of the United Nations intervention in the Congo at the present time are being borne by overdrafts, that the secretary general has had to borrow money. I saw in the newspapers this morning that he had had to borrow money from Mr. Hoffman of the international development fund. Is it a fact that the United Nations has been unable to raise enough money to cover the expenses which have been entailed in the Congo as a result of security council resolutions supported by those communist countries in the United Nations which have not only refused to contribute but have done their best to frustrate the efforts of the United Nations in the Congo?

Mr. Fleming (Eglinton): That is quite true and the secretary general, as the Leader of the Opposition has indicated, has been obliged to draw on credit balances standing in some special accounts under United Nations auspices. It is a deplorable situation.

Mr. Benidickson: That is what ad hoc means here, that just some participants in the United Nations are prepared at the present time to do as we are doing in advancing funds for this particular purpose?

Mr. Fleming (Eglinton): So far as the ad hoc account is concerned, it is a special account set up to meet the expenses of this particular intervention in the Congo. When it was set up it was not assumed there would be defaulters and the special contributions made by the United States, the United Kingdom and Canada have really been made to relieve the United Nations in the face of the very serious difficulties confronting the secretary general in trying to make ends meet when his budget assessments have not been paid by some of the countries on whom they were levied.

Mr. Benidickson: Despite a resolution to that effect.

Mr. Fleming (Eglinton): Quite.

Item agreed to.

678. Assessment towards financing the United Nations emergency force in an amount of $892,680 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of February, 1961, which is, $885,000.

Mr. Pearson: I wonder if the minister could give us some indication of the operations of the United Nations emergency force for which this appropriation is to pay? How many troops have we now in Palestine still working for peace in that area? How many other countries are continuing to participate in the United Nations emergency force? Perhaps the minister could indicate whether we

are still being credited with that money which we have already spent as against our ultimate expenditures. When this United Nations emergency force was set up, it was understood we would pay our own expenses as we went along, and eventually there would be payments received from other members of the United Nations and our expenses would be credited against those receipts. Would the minister make a report to the committee on this matter?

Mr. Fleming (Eglinton): Yes, Mr. Chairman. I have not the precise figures on the strength of the Canadian contribution to the United Nations emergency force in toto, but the strength has been running in the neighbourhood of 1,000 to 1,100 men. As to the strength at a particular moment, I speak subject to correction.

In so far as financing is concerned here again it is a case of the general assembly starting out bravely in 1956 with a decision that the expenses of the force should be collectively shared by all members of the United Nations in accordance with the scale of assessment approved for the regular budget of the United Nations for 1957. It has not been possible to adhere to that because the communist countries have flatly refused to make any contribution toward meeting the expenses of the United Nations emergency force.

There has been a continuing and serious contention in the United Nations as to the financing of these forces. In 1959 the general assembly adopted a resolution, of which Canada was a co-sponsor, which incorporated a formula designed to preserve the principle of collective responsibility while reducing the burden on the underdeveloped countries which had found it impossible to meet their obligations. Under this formula it would be open to the participating governments to accept or decline a 50 per cent rebate of their assessment which the United Nations was able to offer as a result of voluntary contributions pledged by the United States and the United Kingdom. In October, 1960, the Canadian government considered this offer and decided to forego the rebate. This means that Canada has become liable to pay a full share of the $20 million total costs of the force in 1960. This full share is 3.11 per cent of the total, which is the same percentage Canada pays to the regular budget of the United Nations. Pending a decision on the rebate, Canada has already paid half of the 1960 assessment. This payment—adjusted to take account of certain credits in the United Nations budget of which Canada is entitled to a share—amounted to $307,182 U.S. The remaining portion of Canada's assessment for 1960 amounts to $310,764 U.S. What is submitted in these estimates represents the Canadian equivalent of the balance of the 1960 assessment and the full 1961 assessment, totalling $892,680 U.S., converted at the current rate of exchange.

I expect the Leader of the Opposition is going to ask me a question, as he did last year, about the defaulters so perhaps I might as well go on to that. The following members of the United Nations are respectively in arrears in their contributions to the support of the United Nations emergency force at March 7, 1961. The countries that are in arrears for four years are, Afghanistan, Albania, The Argentine, Bolivia, Bulgaria, Bylorussia S.S.R., Chile, China, Cuba, Czechoslovakia, Ethiopia, Greece, Hungary and Iraq.

Those in arrears for three years are Costa Rica, El Salvador, India. Those in arrears for two years are Colombia, Ecuador, Guatemala, Haiti, Honduras. Those in arrears for one year are Austria and Denmark.

There is another page containing these names, so may I qualify that answer by adding to those who were four years in arrears the following: Jordan, Libya, Mexico, Nepal, Panama, Paraguay, Peru, Poland, Romania, Saudi Arabia, Spain, Sudan, Ukrainian S.S.R., U.S.S.R., and the U.A.R. and Yemen. We add to the three-year list the Philippines and Venezuela. We add to the two-year list Lebanon and Liberia, and to the one-year list Morocco, Nicaragua, Pakistan, Uruguay and Yugoslavia.

Mr. Benidickson: We thank the minister for that information which he anticipated would be requested. I do not have in front of me the estimates for 1960-61, and I should like to know if there was a special item to which this is an addition or is this something that comes completely on its own at the end of the year?

Mr. Fleming (Eglinton): This item, Mr. Chairman, is quite apart from the ordinary budgetary contributions of Canada to the United Nations. It is also quite apart from Canada's contributions of all kinds to the special United Nations undertakings. As I mentioned, the amount of this item represents the Canadian equivalent of the balance of the 1960 assessment and the full 1961 assessment, converted at the current rate of exchange.

While I am on my feet, I think I should, in fairness to certain countries that appear on this list, say that while Afghanistan, Chile, China, Cuba, Iraq, Mexico, Nepal, Panama and Peru are in arrears for four years in connection with United Nations emergency force operations, each of those countries has made at least one direct contribution to the fund which, however, was not sufficient to

offset completely their respective assessments for the year during which it was made.

Mr. Benidickson: While we are dealing with supplementary estimates, I believe the minister has indicated this is not a supplementary item but a distinctive item in so far as 1960-61 expenditures are concerned. It is not supplementary to anything else, apart from the general United Nations appropriation. Is that correct?

Mr. Fleming (Eglinton): Yes, Mr. Chairman, this is not one of those items described as, "further amount required".

Mr. Benidickson: We already have in front of us the estimates for the forthcoming year which commences April 1, 1961 and ends March 31, 1962. There is nothing in the estimates for the next year that is comparable to this item of $885,000 that we have here?

Mr. Fleming (Eglinton): I am told that this item is always in the final supplementaries.

Mr. Benidickson: We might, therefore, expect that next year we would have a further obligation similar to this, but it is something not contained in the main estimates for 1961-62?

Mr. Fleming (Eglinton): Yes, in respect of the 1961 assessment.

Mr. Pearson: I take it, Mr. Chairman, from what the minister has said that Canada gets credit for some of the expenses in connection with its force for this year against its assessment, perhaps not all of it but some of its assessment?

Mr. Fleming (Eglinton): Yes, Mr. Chairman.

Mr. Pearson: I was very interested to hear the minister give the list of those members of the United Nations who for one reason or another, good or bad—and I do not want to be captious or critical in this matter—have not been able to make any contribution to an effort which in the first instance they supported, and which some of them very actively supported. It does underline a difficulty which I think is facing the United Nations in an increasing proportion of members of the United Nations voting resolutions which impose on the United Nations certain obligations, activities and responsibilities, and then leaving it to certain members of the United Nations to discharge those responsibilities.

In so far as the communist members are concerned, we can expect that; but it is unfortunate that members of the United Nations—I am sure the minister will agree with me, and I know the difficulties involved here—who vote for resolutions imposing certain responsibilities and duties on the organization do not see fit at the same time to discharge their own share of the obligations involved in the resolutions.

Mr. Fleming (Eglinton): Mr. Chairman, I agree entirely with what the Leader of the Opposition has said. Apart from the fact that the burdens have fallen with unfair weight on certain countries, our own included, some of the countries which have undertaken these special burdens have had at the same time to submit to a great deal of abuse from the countries which have completely left the United Nations to find the means as best it can.

Mr. McMillan: Mr. Chairman, for bookkeeping purposes does the minister carry the cost of our forces in the Congo or Palestine as a debit to the United Nations?

Mr. Fleming (Eglinton): The Department of National Defence is keeping a record, and the record will be employed if the day ever comes when we can have a final reckoning in this matter.

Mr. Benidickson: These items are constantly conveyed to our delegation, and when negotiations take place in one of the committees of the United Nations—and I think one of the committees is on finances—they are up to date on Canada's expenditures beyond the common account, are they?

Our delegates are fully aware of these special expenditures, are they?

Mr. Fleming (Eglinton): Yes, Mr. Chairman, that is quite correct. The hon. member is of course speaking from personal experience.

Mr. Benidickson: No; I never attended that committee. However, I think Senator Bois did good work in this regard. I think all members of the committee would want to know that our delegation in New York would know that these extra expenditures had been made by Canada and were not charged to the common account, and of course they would be taken into consideration when Canada speaks in that committee.

Mr. Pearson: I wish to say a few words before this vote is passed, Mr. Chairman. The Canadian members of the United Nations emergency force have been in this area now for a good many years serving the United Nations and the cause of peace. They have willingly gone to this area and they have done their work there with efficiency and credit to themselves and their country.

They have been there perhaps long enough that we are now inclined to take them a little bit for granted, and we are perhaps not as aware as we were a few years ago of the importance of the work which they are still doing.

I should like, therefore, to pay tribute to this work and to associate with these remarks the Canadian members of the United Nations Congo force. These men have not had such a long experience in international service, but in their relatively short experience they have been exposed to difficulties and tribulations which have been very great indeed. In facing these difficulties and tribulations they have conducted themselves with characteristic courage and that kind of discipline, in the face of great provocation, with which Canadian soldiers in my day were not always credited.

Mr. Fleming (Eglinton): I am sure that all hon. members of the committee share in the sentiments which the Leader of the Opposition has expressed. The task of the United Nations expeditionary force has now slipped out of the headlines. Africa leaped on to the centre of the world stage in 1960 and there has been relatively small place left in the headlines for the United Nations expeditionary force.

However, that force has been carrying on, and its Canadian component, with patience, perseverance and in a manner that continues to make Canadians proud of their armed forces wherever they serve.

With regard to our forces in the Congo, I am sure all Canadians are aware of the dangers under which Canada's armed forces are serving. In the face of attacks, and indeed some very severe dangers, they have come through. Their role has been one of hardship and peril, and in the face of these challenges these men have acquitted themselves with gallantry and courage, again in a manner that makes Canadians proud of them.

Mr. Regier: Mr. Chairman, I do not want to cast a disparaging note on the very amiable discussion that has just taken place. However, I have had the privilege of attending the United Nations for three years now and the discussion we have just heard between the government and the official opposition is rather fantastic. It indicates a lack of realization of the problem with which other nations of the world are faced.

We have to realize that the personal income of Canadians is second in the world only to the personal income of the residents of the United States of America, and for us to be blowing our horn—and this has now been going on during a number of speeches of the government and the official opposition—is, I feel, most unseemly and most unchristian.

I would be the last one to disparage the efforts of Canadians who are serving overseas. However, I am reminded of the little quotation, "I thank thee, Lord, that I am not a sinner like the others are". I think it is most unseemly to adopt this attitude on behalf of Canadians and to be listing other nations not in the communist bloc which have not met the obligations expected of them.

These other nations have problems that are beyond our comprehension. I feel that for us to be scratching each other's backs and praising the Lord for what good people we are is most unseemly indeed, and I am a little bit ashamed to be a Canadian tonight.

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member is of course entitled to his own feelings. If that is the way he feels, as a Canadian, I can only say I am quite certain there is no other hon. member of the committee who shares the feelings which the hon. member has just expressed.

I will say this, that nothing that has been said here tonight deserves to be regarded as—

Mr. Benidickson: He has been here only for ten minutes.

Mr. Fleming (Eglinton): —clapping ourselves on the back. The references to the list of delinquents concerns those countries which have failed to meet obligations in respect of assessments made by the United Nations. In arriving at these assessments the United Nations takes into account all the circumstances of these countries. It is not a question of arbitrary assessments being applied. All the considerations pertaining to the respective economic strength and means of these countries are weighed and taken into account before the assessments are ever arrived at. This is a matter of countries not measuring up, not paying assessments which were arrived at after a vote of the organization in question. Therefore, in drawing attention to the fact that there is a substantial number of countries who are in a delinquent position with respect to these assessments it is right we should bear in mind that the delinquency arises in respect of assessments levied by the organization itself after taking due account of the circumstances in which those countries find themselves. We must bear in mind that the countries which measure up to their obligations and which, as in the case of Canada, have gone beyond the extent of their obligations in order to help out, do so in the face of the fact that other countries have not lived up to their obligations.

Mr. Macdonnell: Is seems to me that the criticism we have just heard is wide of the mark not only because of what the minister has just said but for another reason. Surely, what the Minister of Finance was doing was to discuss our position frankly, recognizing the fact that there are certain outstanding obligations which someone has to take care of. I

did not in the least feel he was taking a "holier than thou" attitude. He, and others, who spoke, were being realistic in order to give us a picture of the circumstances as they exist. Not to have let us know about the shortcomings and the reason for them would have been to keep back part of the story from us.

Mr. Regier: I should like to remind the minister that the United Nations a number of years ago asked Canada to make no less than 1 per cent of her gross national product available to help these nations, including the nations listed a few minutes ago. Yet Canada at this time gives only 20 per cent of the amount which the United Nations deemed it necessary to ask our country to give in order to aid the establishment of international peace and security.

Mr. Pearson: I should like to hear the hon. member spell out the particular resolution passed by the United Nations in the normal way, which imposes on us an obligation to contribute 1 per cent of our gross national product for international purposes. That is a new resolution to me. I know it has often been brought up but I did not know it had been passed.

I want to say to the hon. member who not long ago resumed his seat that he has misrepresented and distorted the position I have taken in connection with this matter. All I have ventured to point out is that all members of the United Nations, however impoverished they may be, should have the privilege as well as the responsibility of discharging their obligations. They experience the privileges; they should discharge their responsibilities. When those responsibilities are taken into account by the United Nations and when the allocation is made all the factors mentioned by the hon. member are taken into account. That is why the contributions of some of these countries to these international activities are almost nominal, only a few dollars, $50 or $100 a year. It should be a matter of pride for each member of the United Nations, however impoverished, to spend even such small amounts on these international activities and I think they should be very glad to do it. I do not think we are unaware of their difficulties when I suggest they should all discharge their obligations.

Item agreed to.

DEPARTMENT OF FINANCE

Administration of various acts and costs of special functions—

Royal Canadian Mint—

679. Administration, operation and maintenance—further amount required, $65,000.

[Mr. Macdonnell.]

Mr. Hellyer: I wonder if the minister would indicate the necessity for this additional expenditure and tell the committee if it is in any way related to the fact that the banks for a time during the year no longer accepted United States coinage at par value.

Mr. Fleming (Eglinton): The demand for Canadian coins from the mint in 1960 reached record proportions. No doubt the withdrawal of United States coins had something to do with that fact. The sum in this item takes account of additional express on coin shipments as a result of this extraordinary activity in the mint in 1960.

Mr. Benidickson: Are there still shortages in particular denominations of coins?

Mr. Fleming (Eglinton): They are working heroically at the mint to keep up with the demand. The demand has not been uniform with respect to all coins but it is continuing to be heavy. Indeed, for a time it was not possible to get certain shipments of ingredients from the United Kingdom in the amount required and it was necessary for a short time to seek supplies from elsewhere.

Item agreed to.

Contingencies and miscellaneous—

680. Telephone service at Ottawa for all departments—further amount required, $40,000.

Mr. Cardin: I see there is an additional $40,000 required for the telephone service at Ottawa. I can recall not very long ago that the Minister of Finance was very touchy and, indeed, very indignant at the size of the telephone bills which the former government presented to the committee for consideration. At that time, of course, the hon. gentleman claimed that the telephone bills represented waste and extravagance and that they could be cut down.

From the main estimates it appears that in 1959-60 the cost of telephones, telegrams and other communications were set down as $1,424,530. In 1960-61 in the main estimates the figure was $1,624,874 which shows an increase of roughly $200,000. Now the minister is asking for an additional $40,000 which is a fairly considerable increase. If the hon. gentleman were to look at the figures back to 1957-58 he would find that the increase in the telephone bill amounted roughly to half a million dollars. Under this particular item of telephone bills there has been in all departments, an increase of almost $3 million. In 1960 the total amount of telephone bills was $19,625,756 whereas in 1960-61 the amount is $22,050,350. This, as I say, represents an increase of almost $3 million.

I wonder if the minister could explain why he has not been able to stem this increase

in telephone bills which he claimed in 1957-58 represented waste and extravagance?

Mr. Fleming (Eglinton): Before the hon. member goes any further, perhaps he would be interested to know why this further supplementary estimate of $40,000 is required.

Numerous unforeseen developments involving the provision of additional telephone service account for this additional requirement. One item not anticipated when the original estimate was made was the expansion of service for members of parliament in the House of Commons and in the west block where they now occupy rooms. There has been a substantial increase in the telephone service on parliament hill. Similarly, it was not anticipated when the original estimate was prepared that the house would adjourn for only three months during this current fiscal year as against the usual five or six months. This has also added considerably to the requirement.

The Congo crisis has increased our telephone expenditure in the Department of External Affairs and the Department of National Defence. The inauguration of a parole board and the setting up of royal commissions and committees on publications and government organization are also among the contributory obligations that were not foreseen when the item was first prepared. Moreover, effective November 1 the Bell Telephone tariff covering the cost of installation and movement of equipment was increased by 150 per cent. The charge for the movement and/or installation of a telephone was increased from $2 to $5. This increase in the movement of telephone equipment from November 1 has been a very substantial factor in the increase in cost. The average number of moves and installations per month throughout the government service is 300 telephones. I think hon. members can see why it is necessary to have this additional amount of $40,000.

Mr. Cardin: The minister has been giving us reasons why the increase of $40,000 was necessary and, of course, I was questioning that figure, but I also referred to the fact that since 1957-58 this particular item has increased almost $500,000. I wondered whether the minister thought that the problems he now faces were problems that the previous government did not have to face?

Mr. Fleming (Eglinton): I think we are facing some problems that the previous government did not have to face.

Mr. Benidickson: I am disappointed with the Minister of Finance, regarding the increase in telephones, telegrams in the estimates which have risen to the extent they have, when he starts off by saying that these are largely attributed to expenses—and he puts this at the top of his statement—which would lead one to judge that they perhaps belong to parliament hill. First of all, I would point out that the members on parliament hill, to an extent never before, belong to the government party. Whether or not they are getting telephone consideration that is different than in the past I do not know, but I want to bring to the minister's attention the fact that I have made an offer to the Sergeant-at-Arms, and other authorities in this house, in asking for a second telephone such as I would have if I were carrying on normal business, to pay the additional expense. I feel it is ridiculous for me to have to continually change places with my secretary because we have only one telephone.

I have been denied the opportunity of personally paying the extra $1.50 per month for that extra service which I would certainly have in my office in the normal course of business. I have not asked that the crown pay the additional cost but have offered to pay it myself and that privilege has not been afforded me. I have offered to contact the Bell Telephone Company in this regard but because of the red tape that is involved in the government service I am denied that privilege.

I think it is very unfair for the Minister of Finance to suggest on the basis of economy that a good portion of this increase in the expenditures is attributable to parliament hill. Certainly this increase of $40,000 cannot be attributed to that small portion of the service on parliament hill, and certainly not to the very small opposition that is assembled here in this parliament.

Mr. Aiken: Before the minister answers, if he intends to, one thing ought to be straightened out. I should like to comment, in case the impression is left otherwise, that long distance telephone calls made by all members of parliament are paid for by those members.

Mr. Benidickson: The members of parliament pay for their own long distance calls.

Mr. Aiken: I thank the hon. member for Kenora-Rainy River for his assistance. He has said exactly what I intended to say. I should not like the impression to get abroad that the government is paying for private members' telephone calls.

Mr. Chevrier: The hon. member for Kenora-Rainy River has brought to our attention a point with which I think the minister should deal. We have before us now this substantial increase in the cost of telephone service. The hon. member for Richelieu-Vercheres has

referred to the attitude taken by the minister when he sat on this side of the house in assailing the government for the increase in telephone costs. I am not going to challenge the items which the minister has put on the record, namely, the increase incurred by the board of transport commissioners, the increase in calls because of national defence and the Congo situation, and the increase brought about by the members of parliament in the west block. But, I would have felt a great deal better if he had not mentioned that last item because I think it is a drop in the bucket compared to the tremendous amount that we will have to vote in the main estimate.

I think the minister should tell the committee why it is that a member of parliament who, because of the population in his constituency, or because of the extra work he may have—this is not a reflection on anyone else—feels that he should have a second telephone, is denied that convenience. The minister should also tell us why a member is not entitled to that convenience if he is willing to pay for it himself, and why that policy should not be amended if it is in existence.

Mr. Fleming (Eglinton): I think in the observations of the hon. gentleman it has been overlooked that this is not a matter of government responsibility but a matter concerning the commissioners of internal economy who are the officers, appointed by this house, who deal with matters of this kind.

Mr. Benidickson: You are the senior member of that committee.

Mr. Chevrier: May I ask the minister why this does not apply as well to telephone service provided for the members of parliament, to which he has referred?

Mr. Fleming (Eglinton): That is what I thought we were talking about. I felt this was the point raised by the hon. member for Laurier and the concern of the hon. member for Kenora-Rainy River when he asked me about second telephones for members. Am I not right in assuming that was the question he was putting to me?

Mr. Chevrier: Yes.

Mr. Fleming (Eglinton): This is a matter for the commissioners of internal economy in the last analysis, and our guide has been—

Mr. Chevrier: The minister is quite right in giving the answer which he has, but he gave as an excuse for the increase in this cost the fact that a number of members of parliament required additional telephones, and now, because of the suggestion which was made by the hon. member for Kenora-Rainy River, he states that it is a matter to be dealt with by the commissioners of internal economy.

Mr. Fleming (Eglinton): The hon. member for Laurier is getting this mixed up. Let me start again. I pointed out the various additional outlays, imposed for various reasons, which account for the fact that we are here now with a supplementary item of $40,000. The member for Kenora-Rainy River asked why he could not have a second telephone and made some comment about the Sergeant-at-Arms in this respect. I must say that the Sergeant-at-Arms operates under the direction of Mr. Speaker and, in relation to matters of this kind, Mr. Speaker operates in association with the commissioners of internal economy who are members of this house, appointed by this house to consider matters pertaining to the operation of the services of the House of Commons. In this respect, thus far, this view has prevailed. This is not the first time the question has been raised but is a view that has been consistently taken over the years, and I am sure the hon. member for Laurier will recall this. It would not be wise to introduce the practice of allowing members to have their own special lines introduced in the house, or additional lines, because this would eventually lead to some increase in expenditure. It was felt that this is a matter in which all members should be treated alike. This is the view that has prevailed.

Apparently the hon. member for Kenora-Rainy River has taken this up with the Sergeant-at-Arms and has taken the Sergeant-at-Arms to task. I must remind him again that the chain of command here would lead the hon. member, if he thinks he has reason to do so, to go to some other level in this respect. The Sergeant-at-Arms is simply operating under instructions that have been given to him.

Mr. Anderson: I should like to make an observation on this point and tell the hon. member for Kenora-Rainy River that possibly he is very fortunate to have one telephone and one secretary in this house, because many of the members on the government side have one telephone and one secretary to answer the telephone for two members.

Mr. Benidickson: Just the same as in the opposition.

Mr. Anderson: I think that is not the situation on his side.

Mr. Benidickson: Yes.

Mr. Hellyer: There are two things which the minister said which I found quite surprising. First of all, he attributes part of this increase to the Congo crisis. Surely, Mr. Chairman, the government does not budget so closely that it has no leeway for potential crises. There have been crises almost every year for many years. Surely, in his estimating, the minister makes some allowance for the inevitability of international situations.

Second, the minister said that there had been a considerable increase in the functions which are being carried out by government; that is, we know there have been extensions, and new services are being provided, but what the minister did not explain is where the cutting has been done, where he has trimmed off the fat, where he has found the waste, extravagance, and so on, that he used to speak of so eloquently. Perhaps the minister would now tell us what increased functions and requirements there are that make for additional telephone services. He might also tell us in what directions he has been able to make savings, what sections of what departments he has eliminated in the thrift under which this government operates the affairs of the country?

Mr. Fleming (Eglinton): If I started out to answer that question we would be here for a good many hours. In this item we are asking for $40,000 to cover additional telephone service at Ottawa and might I suggest, now that the explanation has been given, we reserve that other larger and interesting question for a suitable occasion.

Mr. Regier: I noticed that one of the last members in this house has his office in the west block, namely the hon. member for Peterborough. Exactly how much did it cost the government of Canada to persuade the Bell Telephone Company to supply the hon. member for Peterborough with a telephone? I mean the installation cost?

Mr. Fleming (Eglinton): I have just said the installation cost of putting in a telephone has been raised from $2 to $5, an increase in the Bell Telephone tariff that became effective on November 1. In addition to this cost of installation, of course, there is the monthly charge and beyond that, the service charge.

Mr. Regier: If I might pursue this a little bit further; take a matter of four months, five months or six months, plus the installation cost, and it would run to roughly $30. I understand there are about 40 members in the west block. Does the minister consider it exactly fair to blame members of parliament in the west block for the $40,000 expenditure, or even for any significant portion of it, and to list that as the initial reason for the expenditure of $40,000?

Mr. Benidickson: I want to re-emphasize to all my colleagues in the committee that I would not have raised this point had not the minister in defending the increase of $40,000 in the telephone account attributed it in the main to expenses on parliament hill for members of parliament. First of all, I think he had better tell us how many members of parliament have actually been located in the west block. There are not very many. If we had that number we could then easily do the mathematical part of the equation ourselves. The sum of $3 or $4 apiece would be involved in installations over there.

I have raised my personal grievance only because of the aspersions that were cast on members of parliament and everybody else on parliament hill with respect to their telephone bills.

The minister has referred to some special, extra line in a member's office. I was not asking for a special line in my office; I was asking simply for an extra telephone which would cost me personally $1.50 a month, or something of that kind, which I indicated I was prepared to pay. I have given full credit to everybody. I am not casting aspersions on the Sergeant-at-Arms who is enforcing the economy of the house. The Minister of Finance suggests there is extravagance here. I wish to point out there was no extravagance here. I offered to pay for my own extra telephone, as I would have to do anywhere where I was in business. There is such economy being practised here that I could not pay for my telephone myself, despite the fact that the hon. member for Parry Sound-Muskoka points out that we are billed personally and individually for our long distance calls and we pay for them. Because of that I saw no reason whatsoever why I could not be provided by the Bell Telephone Company with an extra telephone, be billed for it personally and pay the $1.50 a month, or whatever it might be, for this telephone which I would have if I were carrying on business in a similar office elsewhere, rather than have to jump up and down and take the telephone from my secretary, or vice versa.

It was only because the minister suggested that this extra amount was largely attributable to extra expenses for telephones on the hill that I raised this as an example. I want to assert that there is the utmost economic control of telephones on parliament hill, to the extent that I cannot even pay for that kind of service out of my own pocket.

Mr. McGee: The hon. member for Kenora-Rainy River has not considered that perhaps the exercise of jumping up and down for the telephone might be just what the doctor ordered, so to speak. I would also like to offer him the suggestion that if he moves his secretary's desk over close to his own he could simply hand the telephone back.

Mr. Benidickson: I can see that the hon. member is an efficiency expert.

Mr. Fisher: I hate to be the dreadful Willie in this but I should like to inform the hon. member for Kenora-Rainy River that I know of one member of parliament in the opposition who has two telephones in his office. I do not want to be sneaky and reveal the name, but there is a member in this committee who has two telephones in his office. It is not too big an office, and his secretary and he sit facing each other and each has a little telephone. I think it improves their efficiency tremendously. I hope no one is going to run around trying to find the office with the two telephones in it. I think it works out very well.

An hon. Member: The hon. member is over in the west block; he is one of those who caused the expense.

Mr. Fisher: Someone suggests this office is in the west block. This man is not in the west block; he is in the centre block. In the west block there are special considerations. I know one Conservative member over there who has an office so big it is a route march from the door over to his desk. His poor secretary is really in trouble. The hon. member for Kenora-Rainy River has a little office. This member's office is a great big office, and the hon. member sits away over in the big bay window looking out on the Ottawa river and his secretary is over by the door. When the telephone rings there is all this jumping back and forth.

It seems to me that we have a problem here of great importance. I refer to the juxtaposition of the member and the secretary. It could raise all kinds of questions. I am very much bothered that the hon. member for Kenora-Rainy River should bring up the question. I know it has been brought up about my office. I have my secretary sit right next to me so she can answer the telephone.

Mr. Benidickson: Is that the reason?

Mr. Fisher: Therefore, in fairness to the hon. member for Kenora-Rainy River and the Minister of Finance, I think that maybe someone with the authority should approach the members of the internal economy commission to see if we can all have telephones just where we want them. In particular, if it will improve the efficiency of some members of the House of Commons I think it would be an excellent idea. I can just tell from the look on the faces of most hon. members that they would like to see the hon. member for Kenora-Rainy River have two telephones in his office.

Item agreed to.

681. To authorize the treasury board to delete from the accounts certain debts due to, and claims of Her Majesty, each of which is in excess of $1,000, amounting in the aggregate to $4,071,008.80, $1.

Mr. McMillan: This vote authorizes the treasury board to delete from the accounts certain debts, which I presume were legitimate debts, each of which is in excess of $1,000, the total amounting to $4 million. That seems like a lot of money to be writing off. I notice that in the Department of National Revenue there are 913 claims each of which is for $1,000 or more and amounting in total to $3.7 million. I should like to know whether the department is forgiving people their income taxes or just what this means.

Mr. Fleming (Eglinton): The details on page 18 indicate the amounts in relation to each of the eight departments concerned. It will be seen that by far the largest amount is in the Department of National Revenue where there are 913 claims within the scope of the proposed write-off. In general the cases presented in these estimates fall within one or the other of two categories: first, uncollectable debts due the crown in excess of $1,000 where treasury board has approved deletion subject to inclusion in a special estimate item and, second, debts due the crown in excess of $1,000 in respect of which the governor in council has granted authority not to take recovery action and where sufficient time has elapsed to ensure that their status is unlikely to be altered as a result of changing circumstances.

I can give more information about these various categories if that is the wish of hon. members. They will see from the details the number of claims involved in each case. I have before me a very long list of the items concerned. To take the Department of National Revenue, for instance, most of the claims are very old, some of them having been incurred as long ago as 1935. There are no live claims written off here where there is any hope at all of collection. I see others here going back to 1931, 1929, and 1928. Therefore I think the hon. member can be assured that there is nothing written off that has any material value.

Mr. Chevrier: What are they for?

Mr. Fleming (Eglinton): The ones affecting national revenue are all debts incurred between 1926 and 1957 representing arrears in sales and excise taxes where it is considered impractical or impossible to collect due to various reasons. I can detail those reasons if that is the wish of hon. members or give some examples. Bankruptcy was the reason in 273 cases.

Mr. Hellyer: Perhaps we could save time if the minister would agree to table tomorrow, if not tonight, a list of amounts that have been written-off and the details. This would satisfy any hon. member who wished to look into the matter more thoroughly.

Mr. Fleming (Eglinton): That would be entirely agreeable. That was done last year and I will be glad to do so again. I have the list before me and it is very long.

Mr. Herridge: I should like to ask the minister what is the procedure here. I heard him mention a claim that had been uncollectible since 1926. Is this a periodic cleaning up of accounts or why would an account be uncollectible from 1926 and written off in 1961? Can the minister give the committee some idea what the practice is?

Mr. Fleming (Eglinton): Mr. Chairman, apart from the normal work of review that goes on within any individual department there is a committee of review of debts that may be thought to be uncollectible. That committee makes reviews and then the matter goes before treasury board. I think the hon. member can be assured that by the time anything goes through these three bodies it has been pretty carefully winnowed down. We do not propose the writing-off of anything where there is any likelihood at all even of partial recovery.

Mr. Herridge: It seems to me that maybe the process is rather slow if it takes from 1926 to 1961 to decide that a debt is uncollectible. Can the minister give the reason for some of these accounts going back so far in the past?

Mr. Fleming (Eglinton): There are some of the old ones that have obviously been kept open in the hope the debtor would acquire some means some time that would enable recovery to be made in whole or in part. Time goes on, sometimes a long time, until in the end the conclusion is drawn and the decision taken that the claim is utterly uncollectible and might as well be written off. Sometimes a claim is incurred when a man is in full vigour of middle life and hope exists that he may acquire means, but by the time he reaches a more mature age, let us say, it appears that his earning power is gone and there is going to be no possibility of recovery.

Mr. McMillan: Are some accounts written off every year? Were there some written off last year, for example?

Mr. Fleming (Eglinton): Oh, yes, we went through the same procedure last year and we followed the same procedure as has now been suggested by the hon. member for Trinity. Last year the hon. member for Kenora-Rainy River suggested it and I tabled a large number of sheets listing all these claims.

Mr. Benidickson: Is there any requirement in the Financial Administration Act to report this kind of write-off in the public accounts?

Mr. Fleming (Eglinton): Under the Financial Administration Act there is authority in the treasury board to write off claims under $1,000.

Mr. Benidickson: I mean to report in the public accounts—

Mr. Fleming (Eglinton): Yes.

Mr. Benidickson: —anything over $1,000 on a similar basis as in the case of rebates of duties and excise taxes where there is an obligation to report anything over $1,000. Is there a similar obligation under the Financial Administration Act to print these write-offs in the public accounts?

Mr. Fleming (Eglinton): I will not say that every item written off is shown in full in the public accounts but the details are given there of the write-off in terms of the reduction of the crown's claims.

Item agreed to.

683. To provide that paragraph (c) of subsection 4 of section 8 of the Public Service Superannuation Act, as amended by section 6 of chapter 38 of the statutes of Canada, 1960, shall be deemed to have come into force on the 1st day of January, 1954, $1.

Mr. Benidickson: In items 683, 684, 685 and 686, we are dealing with the dollar items to which I have referred, though perhaps with not as much justification as when I raised the matter on vote No. 658, the first item in the supplementary estimates. My concern with these items is that I suspect they have the effect of legislating and perhaps amending a statute in a way that, if the items pass, they will not have to be brought back annually for parliamentary attention. They would not have to come back annually for parliamentary attention and, of course, no amendment to the statute itself comes forward in the form of a bill. However, some of these items have an effect that goes beyond one year. Am I right in thinking that that might be so?

Mr. Fleming (Eglinton): Mr. Chairman, I think we should consider these items one at a time. Item 683 is intended to give retroactive effect to 1954 to one of the amendments passed to the Public Service Superannuation Act at the 1960 session of parliament. I think the hon. member will recall the amendments to section 8 of the act which were introduced last year.

A question has arisen as to whether those should not be made retroactive. This could be called an act of grace on the part of parliament.

Mr. Benidickson: I am thinking more of whether or not there is a future effect.

Mr. Fleming (Eglinton): They have a future effect only in the sense of having permitted a retroactive effect to the 1960 amendment; so that they may have effect from January 1, 1954, these benefits will be available to those whose claims under section 8 of the act would have come into existence between 1954 and 1960. I would be the first to say it would have been better if this matter had been taken care of at that time. However, under these circumstances, it was felt this was the most direct way of accomplishing the purpose now because the numbers affected by this item are quite small.

Mr. Benidickson: The numbers affected are quite small, and that excuses the failure to introduce an amending bill.

Mr. Fleming (Eglinton): The effect of this—

Mr. Benidickson: It appears that something was overlooked when we had the amending bill before us in 1960. This may be the easy method of accomplishing the purpose, Mr. Chairman, but I just raise the point that this is a back door method of legislating which has been criticized in the past. This item will have the same force as if an amending bill to the Public Service Superannuation Act had been introduced because next year it will not be necessary to have anything along these lines in the estimates. The administrative officers of the crown will be able to take this language as being equal to an amending bill approved by parliament.

As I have pointed out to the committee, the danger of this type of item is that it will have exactly the same force and effect as if we had had a formal amending bill to a public statute approved by parliament. This item will not appear in the index to our public statutes, so it will be difficult for members of parliament to find this amendment. Those who are expert in these matters, of course, will have in their offices a reference to an obscure item in supplementary estimates No. 5 of the session of 1961. Other people looking for this authority, however, will not find it so easily. I say this is a rather obscure method of legislating.

[Mr. Benidickson.]

Mr. Fleming (Eglinton): I have just two brief observations. The first is that a reference is made to these amendments in the index to the public statutes. The second is that what is proposed here is of a financial nature. It means, in effect, that permission is given to grant a waiver. That is the reason the procedure of an amendment in the estimates is suitable.

This particular item, No. 683, is intended to authorize and validate the returns of contributions on the part of the superannuation account. This takes care of cases where contributions will be permitted to be returned to employees who ceased to be employed for a second time following two periods of employment which were separated by an interval of less than a year. There were several cases where payment of return contributions was, in fact, made by mistake so this retroactive effect is required to validate those, while future returns of contributions in similar cases simply permit equal justice to be done in all these cases.

Item agreed to.

685. To provide that any reference to the "Civil Service Superannuation Act" in subsection (5) of section 20 of chapter 38 of the Statutes of Canada, 1960, shall be construed as including a reference to the "Public Service Superannuation Act", $1.

Mr. Benidickson: All of these items are of a similar character. I know the minister will take notice of the objections and perhaps give consideration to dealing with such matters next year, if they are of sufficient importance, by way of an amending bill to the particular statute. The minister will realize that if amendments are made in this way next year with any degree of frequency, he will meet with similar objections to those which have consumed the time of the committee. I suggest to the government and to the minister that they give consideration, in future years, to the introduction of amendments to the statutes themselves, if the matters are of sufficient importance to warrant this course.

Item agreed to.

Mr. Chevrier: Ten o'clock.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: I take it that we will be dealing with supplementary estimates tomorrow and Wednesday.

Mr. Fleming (Eglinton): Why Wednesday?

Mr. Chevrier: I wonder what the business of the house is for tomorrow and whether consideration has been given to the business with which the house will be dealing when we reconvene on April 10.

Mr. Churchill: Tomorrow we will carry on with the supplementary estimates, followed by items Nos. 1 and 2 on today's order paper, if there is time for them. These items are concerned with Bills Nos. S-5 and S-6 dealing with insurance matters.

I hope to make a forecast, perhaps tomorrow night, concerning the business with which the house will be concerned immediately following the Easter recess.

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

Questions

ANSWERS TO QUESTIONS

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

WORK PERMITS TO FOREIGN NATIONALS

Question No. 72—**Mr. Argue:**

1. How many work permits have been issued to (a) American citizens; (b) other foreign nationals, for each year since 1955, and for what provinces were they effective?

2. How many (a) American citizens; (b) other foreign nationals are presently in Canada on a work permit, in what provinces and in what industries or services are they working?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1. No "work permits" as such are issued to foreign nationals seeking temporary entry to Canada for employment. They are either admitted for employment or other designated purpose or are refused entry. There may be a great number of categories of persons admitted to Canada "for employment" including diplomatic and consular representatives, foreign armed forces, members of religious orders, professional entertainers and athletes, seasonal workers, professional practitioners (doctors, lawyers, etc.), businessmen, trade representatives, executive and technical personnel of foreign concerns with Canadian interests, persons entering to service foreign built machines and systems, representatives of international trade unions and persons entering to perform labour or service for which Canadian labour is not available.

Statistics showing the number of persons who entered Canada for employment of one kind or another are available for 1959 and 1960 but cover only persons admitted from countries other than the United States. Under section 7(1)(h) of the Immigration Act, which provides for the temporary admission of "persons engaged in a legitimate profession, trade or occupation entering Canada for the temporary exercise of their respective callings" 6,733 persons entered from countries other than the United States in 1959. In 1960 these totalled 7,277. Documentation for all temporary entrants from the United States has been reduced to a minimum and does not facilitate statistical analysis.

2. Toward the end of 1960 the immigration branch instituted new procedures to document the admission of non-immigrants. An analysis of the resulting information shows that, as of March 1, 1961, a total of 1,067 persons, who entered under 7(1)(h) of the Immigration Act were in Canada. Statistics regarding the occupations of the persons are not available; however, the table below provides a breakdown by province of residence and shows the numbers who entered from the United States and those who entered from other countries:

	From U.S.A.	From Other Countries	Totals
Newfoundland	10	7	17
Prince Edward Is. ..	-	-	-
Nova Scotia	13	13	26
New Brunswick	28	8	36
Quebec	191	173	364
Ontario	258	181	439
Manitoba	15	19	34
Saskatchewan	6	10	16
Alberta	1	2	3
British Columbia .	69	3	72
Yukon and N. W. T.	41	19	60
	632	435	1,067

FARM BOARD AND CREDIT CORPORATION LOANS, N.B.

Question No. 120—**Mr. Robichaud:**

1. What was the total number and the total amount of loans approved by the Canadian farm loan board for each of the years ended March 31, 1957, 1958, 1959, and by the farm credit corporation for the year ended March 31, 1960, (a) in the province of New Brunswick (b) in each of the federal constituencies of the province of New Brunswick?

2. What was the total number of applications received from the province of New Brunswick for each of the years referred to in question 1?

Answer by: **Hon. Alvin Hamilton (Minister of Agriculture):**

1. (a) Loans placed with solicitors

Year Ending	No.	Amount
March 31, 1957	60	$234,050
March 31, 1958	67	325,150
March 31, 1959	71	303,650
March 31, 1960	39	250,350

1. (b) The farm credit corporation does not maintain records respecting applications and loans by federal constituencies or parts thereof as it does not require to do so for administrative purposes and the information requested is therefore not available.

2. Year Ending	No.
March 31, 1957	143
March 31, 1958	162
March 31, 1959	150
March 31, 1960	122

C.M.H.C. DWELLING UNITS, ELLIOT LAKE, ONT. AND WHITESHELL, MAN.

Question No. 134—**Mr. Badanai:**

1. How many dwelling units have been built with the assistance of Central Mortgage and Housing Corporation loans in the residential area associated with the uranium mines at Elliot Lake?

2. What was the total cost of building those homes?

3. How many of those homes would C.M.H.C. estimate as likely to be occupied by gainfully employed workers in the uranium mines at the end of 1964?

4. How many dwelling units are planned for the residential area to be associated with the Whiteshell atomic research station at Manitoba?

5. How many of those will be built with the aid of C.M.H.C. funds?

6. What is the total estimated cost of building those homes facilitated by C.M.H.C. loans?

Answer by: **Hon. Noel Dorion (Secretary of State):**

1. N.H.A. loans	No. of units
Approved lenders	1,647
C.M.H.C.	242
Total	1,889

2. The actual costs are not known to C.M.H.C. However, the aggregate of the estimates of costs, including land, provided by the borrowers at the time the loans were applied for, is $23,116,870.

3. C.M.H.C. is unable to make such an estimate.

4. Atomic Energy of Canada Limited expects to have a requirement for 100 dwelling units by 1964 at the residential area to be associated with its Whiteshell nuclear research establishment in Manitoba.

5. It is planned that the residential area will be a local government district of the province of Manitoba so that private builders will be able to build houses in this community. Hence, there is no way of knowing how many of these dwelling units will be built with the aid of C.M.H.C. funds.

6. See 5 above.

RADAR BASE, MOOSONEE—WAGE RATES FOR CARPENTERS

Question No. 147—**Mr. Badanai:**

1. What are the wage rates paid to carpenters in the construction of the R.C.A.F. radar base at Moosonee, Ontario?

Questions

2. What is the per diem rate charged to the men for room and board?

3. What is the lodging and accommodation, and are there single beds or double-decker bunks?

4. What medium of transportation is being used to take the men from the camp to the work site?

5. Do men, who are fired from the job between train days, there being only a tri-weekly service, have their belongings thrown out of the camp?

6. Who is the contractor?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

1. $1.85 per hour minimum, being the rate set out in the labour conditions which form part of the construction contract.

2. $3.00.

3. The accommodation consists of standard general purpose army huts, 22'0" wide × 86'0" long. Rooms are 8'0" × 12'0" or 8'0" × 11'0", some with double-decker bunks but the upper deck is not used. Only two persons are assigned to one room.

4. Trucks.

5. No.

6. Carter Construction Company, Limited, 419 Cherry Street, Toronto 2, Ontario.

MAIL CONTRACT, CARBONEAR-GRATES COVE, NFLD.

Question No. 157—**Mr. Tucker:**

1. To whom was the latest contract awarded to carry mail between Carbonear and Grates Cove, Conception Bay, Newfoundland?

2. Was the contract awarded as a result of tenders being called?

3. If so, how many tenders were received, and was the contract awarded to the lowest tenderer?

4. What was the amount of the tender?

5. Who carried mail previously, and what was the amount paid?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Contract was renewed with the same contractor, Mr. Patrick Paul Quinlan, on October 1st, 1960.

2. No (see No. 1).

3. Not applicable.

4. Not applicable.

5. Mr. Patrick Paul Quinlan of Red Head Cove at the rate of $7,582.30 per year.

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF AGRICULTURE

Research branch—

658. Branch administration—to extend the purposes of vote 5 of the main estimates, 1960-61 to include a grant of $10,000 to assist in defraying the costs of the ninth international botanical congress, $1.

Production and marketing branch—

659. Subsidies for cold storage warehouses under the Cold Storage Act—further amount required, $98,432.

Health of animals division—

660. Operation and maintenance—further amount required, $153,000.

661. Compensation for animals slaughtered—further amount required, $1,113,869.

662. Payment of compensation to owners of animals affected with diseases coming under the Animal Contagious Diseases Act, which have died or have been slaughtered in circumstances not covered by the above act and regulations made thereunder, all as detailed in the estimates, $12,008.

Livestock division—

663. Supervision of race track betting—further amount required, $35,000.

Plant products division—

664. Agricultural lime assistance—further amount required, $200,000.

665. Contributions to the governments of the provinces of Alberta, Saskatchewan, and Manitoba, in accordance with terms and conditions prescribed by the governor in council, of one half the amounts paid by the governments of those provinces to farmers in respect of their 1959 unharvested crops to a maximum of $300 in respect of any one farm—further amount required, $390,000.

Special—

666. Estimated amount required to recoup the agricultural commodities stabilization account to cover the net operating loss of the agricultural stabilization board as at March 31, 1961, $69,504,548.

SECRETARY OF STATE

Civil Service Commission—

667. Salaries and contingencies of the commission —further amount required, $30,000.

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department—

668. Canadian representation at international conferences—further amount required, $31,500.

669. Gift on the occasion of the wedding of the King of the Belgians, $1,500.

670. Gifts to commemorate the independence of African States, $1,200.

671. To provide for memorial plaques presented to Ireland to commemorate the life and work of Thomas D'Arcy McGee, $800.

Contributions to international economic and special aid programs—

Special aid programs—

672. Contribution to the United Nations fund for the Congo in an amount of $1,000,000 U.S. notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of February 1961, which is, $991,000.

Special aid programs—

673. To reimburse the agricultural products board account for whole milk powder donated for international relief purposes, $2,420,000.

Special aid programs—

674. To reimburse the agricultural commodities stabilization account for canned pork and the agricultural products board account for whole milk powder supplied as emergency food relief for the Congo, $6,200.

Other payments to international organizations and programs—

675. Assessments for membership in the international (including commonwealth) organizations that are detailed in the estimates including authority to pay such assessments in the amounts and in the currencies in which they are levied—further amount required in Canadian dollars, estimated as of February, 1961, $401,500.

676. To provide the international civil aviation organization with office accommodation at less than commercial rates, further amount required, $40,778.

677. Assessment for the United Nations Congo ad hoc account for 1960 in an amount of $1,506,232 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of February, 1961, which is, $1,493,000.

678. Assessment towards financing the United Nations emergency force in an amount of $892,630 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of February, 1961, which is, $885,000.

DEPARTMENT OF FINANCE

Administration of various acts and costs of special functions—

Royal Canadian Mint—

679. Administration, operation and maintenance—further amount required, $65,000.

Contingencies and miscellaneous—

680. Telephone service at Ottawa for all departments—further amount required, $40,000.

681. To authorize the treasury board to delete from the accounts certain debts due to, and claims of Her Majesty, each of which is in excess of $1,000, amounting in the aggregate to $4,071,008.80, $1.

General items of payroll costs including superannuation payments—

682. Government's contribution to the hospital insurance (outside Canada) plan—further amount required, $40,000.

683. To provide that paragraph (c) of subsection 4 of section 8 of the Public Service Superannuation Act, as amended by section 6 of chapter 38 of the statutes of Canada, 1960, shall be deemed to have come into force on the 1st day of January, 1954, $1.

684. To authorize payments to be made from the superannuation account to such persons as the treasury board determines to be persons from whom moneys were recovered or withheld pursuant to paragraph (a) of section 16 of the Public Service Superannuation Act as it stood before the 14th day of July, 1960, and from whom moneys in the same amount would not have been required to be recovered or withheld had section 11 of chapter 38 of the statutes of Canada, 1960, come into force on the 1st day of January, 1954; such payments to be made in an amount to be determined by the treasury board but in no case shall the amount be greater than an amount by which the amount recovered or withheld exceeds the amount that otherwise would have been required to be

recovered or withheld had section 11 of chapter 38 of the Statutes of Canada, 1960, come into force on the 1st day of January, 1954, $1.

685. To provide that any reference to the "Civil Service Superannuation Act" in subsection (5) of section 20 of chapter 38 of the Statutes of Canada, 1960, shall be construed as including a reference to the "Public Service Superannuation Act", $1.

686. To provide that where the governor in council is of opinion that a person, without fraud, continued to render services to the crown after attaining the age at which he automatically ceased to be employed pursuant to regulations made under the authority of paragraph (ad) of subsection (1) of section 30 of the Public Service Superannuation Act, such person shall be deemed, notwithstanding anything in those regulations, to have been employed in the public service during such period after attaining that age as the governor in council determines, $1.

APPENDIX

COLUMBIA RIVER—LETTERS FROM AND TO FINANCE MINISTER, AND B.C. PROPOSALS

OFFICE OF THE PREMIER
Province of
British Columbia

VICTORIA
1961
March 23rd

Honourable Donald M. Fleming, Q.C.,
Minister of Finance,
c/o Government House,
VICTORIA, B.C.

Dear Mr. Fleming:

Because your own time here is limited and since it appears, at this writing, that I shall have to contend this week with several extra sittings of our legislature, I am taking the opportunity to extend to you through the medium of this letter a warm personal welcome to Victoria.

I am certain that our discussions relative to development of the Columbia river will be extremely useful and I should like to assure you further that the government of British Columbia is genuine in its desire to co-operate with the government of Canada in order that Canada's obligations under terms of its treaty with the government of the United States may be carried out fully and without delay.

It is with these thoughts in mind that I am attaching two alternative proposals for Columbia development which British Columbia feels may serve as a firm basis for discussion tomorrow. In doing so, I should state further that these proposals are not designed to limit in any way the range of our talks; I shall, of course, be pleased to study and discuss any proposals of the government of Canada which are brought forward either during or following our discussions.

With your agreement, I would suggest that we meet in my office at 10 a.m. tomorrow. A number of arrangements which will, we hope, make your visit an enjoyable one have been worked out in detail, and these will, I believe, be outlined in a separate letter to you from my executive assistant, Mr. G. D. Ekman.

With kindest personal regards, I remain,

Yours sincerely,

W. A. C. BENNETT

FINANCIAL PROPOSALS BY THE GOVERNMENT OF BRITISH COLUMBIA FOR DEVELOPMENT OF THE COLUMBIA RIVER

Number One

A. The government of Canada to construct on its own account the storage dams and transmission lines necessary to carry out requirements of its treaty with the government of the United States.

B. Generous compensation to be paid by the government of Canada to those citizens of British Columbia whose homes and property will be affected by flooding.

C. Payment of flood control indemnities in the approximate amount of $64,000,000 as provided by terms of the treaty, to the government of British Columbia, which government will keep these moneys intact in perpetuity with earnings *only* to be used as compensation for economic loss to the province resulting from flooding.

D. Assumption by the government of Canada, or its appropriate agency, of pre-engineering costs in the approximate amount of $4,000,000, this sum representing necessary expenditure already authorized by the government of British Columbia for investigations into Columbia development now being carried out on its behalf by the British Columbia energy board.

E. Ownership of all works and transmission lines constructed pursuant to the United States-Canada treaty to be transferred without charge to the government of British Columbia 50 years after the commencement of the treaty development, or at such time as the works are paid for, whichever occurs the sooner.

Number Two

A. The government of British Columbia to undertake full financial and fiscal responsibility for construction on its own account of the storage dams and transmission lines necessary to carry out requirements of the United States-Canada treaty.

B. The government of Canada and its officials to be afforded full access to engineering data, together with scrutiny and approval of all contracts in the manner now employed in the trans-Canada highway program.

C. The government of Canada to guarantee, by appropriate financial measures, that the net cost of Columbia river power delivered to the Vancouver area will not exceed 4.25 mills per kilowatt hour.

D. The government of Canada to arrange with United States authorities, should any Columbia river power become surplus to the needs of British Columbia, for purchase of such surplus power in the United States at a price not lower than 4.25 mills per kilowatt hour.

MINISTER OF FINANCE

Ottawa December 6, 1960.

The Honourable W. A. C. Bennett,
Premier of British Columbia,
Parliament Buildings,
Victoria, British Columbia.

My dear Premier:—

I duly received your letter dated October 27th concerning the financing of the Columbia river power development. Your writing of the letter followed our personal discussion of the same subject on October 26th.

You will undoubtedly have been advised by now that at the meeting of the Canada-British Columbia policy liaison committee on November 23rd and 24th the federal ministers amplified the nature and effect of the federal government's offer as first put forward on February 9, 1960, and confirmed in my letter of April 21st. Since the questions in your letter under reply were based on the situation previous to the elaboration made at that meeting, I believe it would be appropriate if I were to repeat the outline of the federal offer here, in order that my answers to your questions may appear in their proper context. Subject to satisfactory agreement on the character and functions of a joint federal-provincial co-ordinating agency, along the lines indicated by federal representatives at the recent Canada-British Columbia policy liaison committee, the federal government would give financial assistance in the following manner:

1. The government of Canada is prepared, subject to the approval of parliament, to advance one half of the capital cost of creating the storages necessary to implement the proposed treaty between Canada and the United States for the co-operative development of the Columbia river.

2. The government of Canada will advance these moneys as an investment in a joint project of Canada and British Columbia which will be self liquidating.

3. The government of Canada proposes the creation of a joint entity for the purpose (amongst others) of receiving and advancing the federal government's financial contribution. It is understood that you propose to designate the British Columbia power commission as the agency to have physical responsibility on behalf of British Columbia for construction and operation of these projects. Subject to satisfactory agreement between our two governments as to the role and position of the joint entity in safeguarding the obligations of the federal government under the treaty and the interests of the federal government (including such matters as the giving of necessary clearances called for by the treaty, adherence to completion dates as may be agreed in the treaty, Canadian content and employment in construction, etc., and such other matters as are appropriate to be entrusted to the entity), and subject to the approval and authorization of parliament, the joint entity could be authorized to advance the federal moneys for capital costs, to British Columbia power commission in accordance with the schedule of construction as contracts are approved.

4. The financing thus provided by the federal government (or guaranteed, if a guaranty arrangement is agreed to be more suitable) would be looked upon as a joint investment with British Columbia, and be repayable by the operating entity to the joint entity on behalf of the federal government, out of revenues earned from the project after operating costs are met. Since it would be a joint investment, capital repayment out of revenues to the federal government would be in the same proportion to total earnings as the capital contribution by the federal government bears to the total capital contributed to bring the project into operation and would be subject to the same maturity dates and other repayments conditions as were applicable to the capital contributed by the provincial government, or by private investors.

5. Under this arrangement, it would also be possible for the joint entity to receive and disburse the proportion of the capital to be contributed by British Columbia, if the province wishes to handle it that way. Alternatively, it would be possible for the entity to raise the finances directly from the public, with each government agreeing to guarantee the issue proportionately and to purchase proportionately any part thereof from time to time not taken up by public subscription.

Subject to the foregoing, I would answer your request for information on five precise points as follows:

1. and 5. You now inquire as to "the maximum amount which the federal government would be prepared to lend to the B.C. power commission". In our oral discussion on October 26th, your question was put in rather different form. You then asked if

there would be any strings attached to any loan that the federal government might make and, if the loan were to the B.C. power commission, whether the federal government would wish to have a guarantee by the government of the province and, if so, whether on principal, interest or both. As indicated above and as stated in my letter of April 21st, I wish to confirm that the government of Canada is prepared, subject to the approval of parliament, to provide one half of the capital cost of the approved storage required to implement the proposed treaty between Canada and the United States for the co-operative development of the Columbia river, as an investment in a joint project of Canada and British Columbia that would be self liquidating.

2. The financing provided or guaranteed by the government of Canada would be recoverable with interest from the revenues earned from the project.

3. The precise interest rate to be fixed would depend on the form of financing agreed to, but it would obviously have to bear a direct relation to the rate at which the entity could borrow in the market. With guarantees as suggested above, and in view of the advantageous nature of the project which has been arranged, it should be possible to secure a favourable interest rate. The point to be emphasized is that, on the basis of this concept of a joint invesment, there would be no question of an interest charge to the British Columbia government for any investment by the government of Canada. Interest will be paid at the same dates as interest is paid on the capital provided by the provincial government, or to private investors on the bonds guranteed by the provincial government.

4. Until its investment has been recovered by it, the federal government would be entitled to receive a share of the net revenue earned from the project in proportion to its contribution to the total capital contributed by the two governments.

You will appreciate that, apart from answering your specific questions in the context of the elaboration of the federal offer referred to, I have confined myself to a very general outline of the nature of the offer and of the ways in which it could be implemented. We are ready and shall be pleased to discuss the details of these and all other questions pertaining to the financing of the Columbia river project, in which the government of Canada has such an important interest, and express the hope that you may see fit to authorize your government's representatives to discuss these questions at the meeting on December 8th and 9th.

Yours, sincerely,

DONALD M. FLEMING.

HOUSE OF COMMONS

Tuesday, March 28, 1961

The house met at 2.30 p.m.

HOUSE OF COMMONS

WELCOME TO YUGOSLAV FOREIGN MINISTER AND WIFE

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, this afternoon it is my privilege to say a few words of welcome to Hon. Koca Popovic, the foreign minister of Yugoslavia, and Mrs. Popovic, who are visiting in Ottawa for a day or two.

As hon. members know, Mr. Popovic represents a country which has shown great courage and great steadfastness, and which has been our ally in two world wars. Both the foreign minister and his wife were officers in the partisan army. The minister eventually became the commander in chief of that force, and both had very distinguished careers in those trying days.

Since the war the minister has taken a very active part in the work of the United Nations, where his country has stood for peace and has always taken a stand which would lead in that direction. Yugoslavia, like Canada, is one of the middle powers of the world today, and one of the powers which depends so much on an effective world organization.

It is very significant that in far-away Palestine there are several hundred young Yugoslav soldiers serving beside approximately the same number of young Canadians in the United Nations emergency force. They have been participating together there now for some years, making a great contribution, which I think sometimes Canadians are inclined to forget.

Therefore, under all these conditions it is a very happy occasion for me to be able to welcome the minister and his wife to Canada and in particular to the House of Commons.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, on behalf of the opposition I should like to associate ourselves with the welcome which has been expressed by the Secretary of State for External Affairs to the foreign minister of Yugoslavia and his wife. We welcome them, Mr. Speaker, not only on their own behalf but because the foreign minister represents a country which in the past has fought fearlessly for its freedom against all aggressors, and we know it will continue to do so in the future.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, the members of this group wish to associate themselves with the Secretary of State for External Affairs and the leader of the official opposition in extending a most hearty welcome to the foreign minister of Yugoslavia, about whose great achievements we have all heard and read. He proved his mettle and successfully fought against nazi terror, nazi brutality and nazi viciousness. Anyone who has done that has a very deep affection in our hearts. We wish him a most happy, fruitful and enjoyable stay in Canada.

TRADE

URANIUM POLICY—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I ask leave to move the adjournment of the house under standing order 26, for the purpose of discussing a definite matter of urgent public importance, namely the need for the Canadian government to remove the present state of confusion in the uranium industry by making an immediate statement of policy that will assure the Canadian uranium industry, and employees engaged therein, of (a) minimum quantities of uranium that it will insist shall be purchased by Britain as a result of the commitment made for purchase of uranium during the period April, 1963 to December 31, 1966; (b) the general basis of allocation of the market within the industry; (c) the maintenance of uranium communities such as Uranium City, Elliot Lake, Bancroft.

Mr. Speaker: If I understand the hon. member's request, it is to interrupt our proceedings under rule 26 to discuss a matter of urgent public importance, and that the matter of urgent public importance is the need for a statement of policy by the government with respect to the uranium industry?

Mr. Argue: Yes, Mr. Speaker. With respect to the question of urgency, we believe there is a great state of confusion in the uranium industry in our country at this time that has not been cleared up by the statements made in the house yesterday, and this confusion is brought about because of the uncertainty in the public mind with regard to the quantities of uranium that will be sold under the contract, or under the commitment

made between Canada and the United Kingdom. By this motion we are asking as a matter of urgency that the government should state to the country now the immediate quantities of uranium that the Canadian government will insist that Britain purchase from Canada on the basis of the commitment to which the Prime Minister has referred. After that has been stated there should be some indication of the general basis of allocation of this market within the industry in Canada so the various components of the industry will know their economic position and, further, so the uranium communities in Canada such as Uranium City, Elliot Lake, Bancroft and others will be assured that they will be maintained over this period.

Mr. Speaker: I think it is unnecessary to consider the matter further. It seems to me that the hon. member's interest in this matter should be expressed at a time provided by the general rules of the house rather than in a special debate under rule 26 which would interrupt all other proceedings. My view that this matter does not come strictly within the rule is based partly on the sittings of a committee of the house which has this matter before it and where there is ample opportunity to inquire into and deal with the problem of uranium supplies and marketing. In fact I think the issue has come to the fore through that committee which has not yet reported.

Furthermore, from listening to the discussion of this matter in the house it appears that the main controversy is over the sale of uranium to the United Kingdom between the years 1963 and 1966. Therefore it seems to me that parliament will have ample opportunity to deal comprehensively with this important matter in the course of its ordinary proceedings and at the usual time.

TEXTILES—INQUIRY AS TO TARIFF PROTECTION AGAINST HONG KONG EXPORTS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Minister of Finance. Is the minister in a position to state whether it is the intention of the government to provide additional tariff protection to Canadian manufacturers against the import of textiles from Hong Kong?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, tariff questions are normally reserved for the budget, as I think the hon. member is very well aware.

Mr. Chevrier: I should like to ask a supplementary question. If that is the minister's answer, is it the intention of the Canadian government to rely on the escape clause in GATT to bring this about?

Mr. Fleming (Eglinton): As I indicated yesterday this situation, on which I gave the house a report yesterday, is now under examination in the light of the fact that the Hong Kong authorities have indicated that they do not propose to apply any restraints on exports from Hong Kong to Canada in the interests of orderly marketing in Canada. It rests then with the Canadian government to decide, subject to the approval of parliament, as to the proper course to be taken in the light of this now ascertained fact.

Mr. Chevrier: May I ask a further supplementary question. Does the Minister of Finance intend to follow the advice of the Minister of Trade and Commerce, who in Toronto yesterday called for competitive effort, not higher tariffs, to increase industrial production?

Mr. Fleming (Eglinton): Mr. Speaker, I warmly associate myself with all calls for effort on the part of Canadian producers that they be competitive not only in holding their markets in Canada and abroad but in expanding those markets.

Mr. Chevrier: I hope you will keep the Minister of Trade and Commerce in tow.

URANIUM—INQUIRY AS TO REVISION OF U.K. CONTRACT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Minister of Trade and Commerce whether since his last reference to this matter on March 6 he has received from the British authorities any indication that they do not intend to honour the firm contract for 24 million pounds of uranium, delivery to be made commencing March 31, 1963?

Hon. George H. Hees (Minister of Trade and Commerce): I have had two discussions with the British high commissioner, and we both expressed ourselves very clearly on this matter. I think we understand each other's point of view very clearly now.

Mr. Pearson: May I ask a supplementary question. Does the minister's reply indicate that this firm contract—those are the words of the minister—will be honoured by the United Kingdom government?

Mr. Hees: I have every hope it will, Mr. Speaker.

Mr. Hazen Argue (Assiniboia): I wonder if the Minister of Trade and Commerce can

inform the house what quantity of uranium is provided for in the firm part of the contract.

Mr. Hees: I think the hon. member for Assiniboia knows as well as I do the figure that has been mentioned.

I might clarify the term "firm contract", which has been laboured slightly by both the hon. member and the Leader of the Opposition. As both these hon. gentlemen know, the exchange of letters between the British atomic energy authority and the Eldorado company are in fact a firm undertaking by the Eldorado company to supply 12,000 tons of uranium to the British atomic energy authority between March 31, 1963 and December 31, 1966, and an equally firm undertaking by the British atomic energy authority to receive the 12,000 tons of uranium and pay for them.

The Prime Minister said yesterday that no formal contract has been signed between the two entities. In referring to the exchange of letters as a firm contract when I spoke in the house on March 6, I was expressing my own feeling about such an exchange of letters, which to me is a firm undertaking on the part of both entities.

Mr. Pearson: Will the minister confirm the statement that there is a firm undertaking on the part of the United Kingdom government to purchase from Canada 12,000 tons of uranium between 1963 and 1966?

Mr. Hees: My understanding of the letters of intent is to the effect that the British atomic energy authority have by their letter indicated that they are willing to accept that quantity of uranium.

Mr. Argue: I wish to ask a supplementary question. Will the minister say whether it can be taken by the house that Canada is insisting that this quantity be purchased, or whether the Canadian government is prepared to allow Britain to purchase a smaller quantity?

Mr. Hees: When I talked last with the British high commissioner, I made it clear to him that Canada expected the United Kingdom government to take the 12,000 tons originally described in the letter of intent. He explained at quite some length the difficulties faced by the British atomic energy authority, in that their need for uranium is not anywhere nearly as great now as it was when the letter of intent was orignally entered into. At that meeting I told him that we should be glad to discuss this whole matter and that, on the understanding that it is vital to the uranium industry of Canada that the 12,000 tons of uranium be received and paid for by the British atomic energy authority, discussions could take place regarding perhaps an alteration in price which would be fair to the Canadian uranium industry, and which would also to some extent relieve the burden upon the British atomic energy authority and thereby the British government.

I told him that we are willing at all times to discuss matters in which we are mutually concerned and that Mr. Gilchrist, the president of Eldorado Mining and Refining Company, would be glad to have talks with the head of the British atomic energy authority with regard to this matter. I also told him that, at the end of these talks, Mr. Gilchrist would report to me as to how the discussions worked out, and that I would report to the cabinet for their consideration of any changes that were suggested.

Mr. Pearson: May I ask the minister if he will inform the house why this firm contract for 12,000 tons of uranium was not included in the stretch-out arrangements of 1959?

Mr. Hees: The Leader of the Opposition seems a little bit difficult to explain things to this afternoon. The Prime Minister explained this matter to him yesterday and I explained it again this afternoon. Yesterday the Prime Minister pointed out very clearly that no formal contract has yet been signed, that what exists at the present time are letters of intent between the two entities, and that until a formal contract is signed no formal contract exists. However, these letters of intent are, as I say, an undertaking by both entities to carry out certain undertakings.

Mr. Argue: I wish to ask a supplementary question. From the minister's statement are we to take it that the price is flexible and the quantity certain, or are both elements firm?

Mr. Hees: It seems equally difficult to explain things to the hon. member for Assiniboia this afternoon. I stated a short time ago that I had pointed out very clearly to the British high commissioner that Canada considered the quantity of 12,000 tons of uranium vitally important to the continuation of our uranium industry here, and that I did not feel any change in that quantity could be contemplated by the Canadian government. This being well understood, I also pointed out that there might be a possibility of some alteration in the price providing it would be a fair price to the Canadian uranium industry, and would be of assistance in lessening the burden which, the high commissioner explained, is falling heavily on the British atomic energy authority and, consequently, on the United Kingdom government. This

burden has been brought about because their need for uranium has been greatly reduced compared to what it was when the letters of intent were originally entered upon.

Mr. G. J. McIlraith (Ottawa West): I should like to address a question to the Minister of Trade and Commerce, but before I do I should like to remind him of an answer he gave in this house on March 6, as reported on page 2672 of *Hansard*. He said then, in effect, that he had received no inquiries either from the United Kingdom government or from the United Kingdom atomic energy authority concerning possible cancellation or renegotiation of a firm contract involving 24 million pounds of uranium. The hon. gentleman answered in a dogmatic manner on that occasion that he had received no such inquiries. Can the minister tell us now whether since that date he has received any inquiries or requests for the renegotiation of this contract?

Mr. Hees: Again may I comment that it seems hard to explain things to certain hon. members this afternoon. If the hon. member for Ottawa West would think back he would recall that only a short time ago I explained I had held two lengthy talks since March 6, with the British high commissioner, who has spoken to me about this important matter. I think that answers the hon. member.

Mr. McIlraith: Perhaps we might have some further clarification of this situation. How did it happen that on March 6 the minister did not know that this contract was under renegotiation?

Mr. Hees: I said on March 6 that I had received no representations from the British government or from the United Kingdom atomic energy authority.

Mr. Crestohl: Mr. Speaker, may I ask—

Mr. Speaker: I think this matter has been pursued at more than the usual length both yesterday and today. If it is to be clarified further, a debate will be necessary.

[*Later:*]

Mr. L. D. Crestohl (Cartier): I wonder if Your Honour would permit me to put another question to the Minister of Trade and Commerce along these lines. Can the minister state who it was initiated the conversations with the British high commissioner which he described in his reply? Was it he who initiated them or the high commissioner?

Mr. Speaker: Order. I think the hon. member's question directed to a detail of that kind amounts rather to a cross-examination such as he might employ in an extended cross-examination in court, and that it is not a proper supplementary question at this stage.

FLOODS

BEAUCE COUNTY, QUE.—REQUEST FOR FURTHER STATEMENT ON ASSISTANCE BY ARMY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Associate Minister of National Defence. It is a rather slippery one. In view of the fact that the Associate Minister of National Defence reported to the house on March 9, 1960 that an army report recommended the use of explosives to weaken the ice on the Chaudiere river two or three weeks before the anticipated break-up, would the minister explain why, as he stated in the house on March 24 of this year, the army has been sent to Beauceville once again at the last minute when flood conditions are already serious there?

Hon. Pierre Sevigny (Associate Minister of National Defence): In reply to this question I may say that the army was sent to Beauceville immediately upon receipt of a request from the provincial authorities in view of the serious condition which was threatening the security of the citizens of that area.

Mr. Herridge: I wish to ask the the minister a supplementary question. In view of the fact that this condition occurs repeatedly and there is some danger to the troops when the ice gets into a certain condition, would it not be sensible for the Department of National Defence to conduct negotiations with the provincial authorities to arrange to meet this difficulty at less expense and with more safety to the persons concerned?

Mr. Sevigny: These flood conditions have prevailed on the Chaudiere river for a good many years. Each year the circumstances are quite different, and it is rather difficult for the army to negotiate with the provincial authorities concerning events which cannot be forecast.

EXTERNAL AFFAIRS

LAOS—INQUIRY AS TO CONSULTATIONS BETWEEN UNITED STATES AND CANADA

On the orders of the day:

Mr. Leon Crestohl (Cartier): May I address a question to the Secretary of State for External Affairs. Can the minister inform the house whether there were consultations between the United States government and the Canadian government prior to the recent conversations between President Kennedy and Mr. Gromyko concerning Laos, and whether the proposed continuation of participation by Canada in the truce forces was the result of such conversations?

Hon. Howard C. Green (Secretary of State for External Affairs): No, Mr. Speaker. There have been continuous consultations between Canada and the various other countries concerning Laos. This particular conversation between President Kennedy and Mr. Gromyko had nothing to do with the position Canada has taken.

AID PROGRAMS TO UNDERDEVELOPED COUNTRIES

On the orders of the day:

Mr. Walter Pitman (Peterborough): I wish to direct a question to the Secretary of State for External Affairs. Would the hon. gentleman comment on the report that Canada is rumoured to be pushing for longer term programs of aid to undeveloped countries at the development assistance group conference in London and, if possible, give any information he might have to the house?

Hon. Howard C. Green (Secretary of State for External Affairs): The Canadian delegation, which is composed of senior officials, is not taking any particular initiative such as the hon. member suggests in his question. It is expected that certain proposals will be put before the meeting, mainly by the United States delegation, for examination and subsequent study by the various members concerned. The Canadian delegation will, of course, be reporting fully to the Canadian government upon its return.

The present meeting is the fourth meeting of the development assistance group which is made up of Canada, the United States, the United Kingdom, France, West Germany, the Netherlands, Italy, Portugal and Japan. When the organization for economic co-operation and development comes into being, the development assistance group will be absorbed into the larger organization and will become a subcommittee on aid questions. I am afraid that the statement the hon. gentleman referred to is speculative and not based on facts.

Mr. Pearson: May I ask the minister who is the head of the Canadian delegation to this important meeting?

Mr. Green: The head of the delegation is Mr. A. F. W. Plumptre of the Department of Finance, and the senior official from the Department of External Affairs is Mr. A. E. Ritchie.

LAOS—STATEMENT ON CURRENT SITUATION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, yesterday the hon. member for Assiniboia asked whether Canada has made any representations to the United Kingdom or the United States about the latest proposals made by the United Kingdom to the Soviet co-chairman. In reply to his question I wish to inform the house that during recent months the government has been in constant touch with the United Kingdom and the United States and with other governments about developments in Laos, and the possible role the truce supervisory commission might play in a solution of the crisis in that country. In these continuing discussions Canada has recognized that the situation is serious and that action is required by the countries principally concerned as well as the Laotians themselves to contribute to a peaceful solution.

As to the possible use of the international commission, we have taken the position that there should be general agreement among the parties concerned about the part the commission might play in contributing to a negotiated settlement. The proposals put to the Russians were a result of a long series of consultations and were made in the light of the existing circumstances. The views that Canada has from time to time expressed about the role of the Laos commission were taken into account in the proposals that were placed before the Soviet co-chairman by the United Kingdom government last week.

CUBA—ARREST AND DETENTION OF PATRICK WILLIAM GARRARD

On the orders of the day:

Mr. Walter Pitman (Peterborough): Mr. Speaker I would like to ask a question of the Secretary of State for External Affairs. Would the minister indicate whether any move has been made by the Canadian government on behalf of Patrick William Garrard of Vancouver, who was arrested in Cuba and detained in jail? I have heard no further report regarding that situation, and would like to know whether the Canadian embassy has taken any action on his behalf.

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, the Canadian embassy in Havana has been in close touch with the case of Patrick William Garrard since this Canadian citizen was detained by Cuban police when leaving Havana on March 23.

At this time the Canadian vice consul visited Garrard in detention and found him well and in good spirits. Garrard had not been interrogated and was not able to ascertain the charges against him. The vice consul visited him again on March 24, and the embassy has since made a direct approach to the Cuban foreign ministry for an explanation of the reasons for arrest. The outcome of

these representations is not yet known, but we are doing everything possible to protect Garrard's interests.

THE MINISTRY

SUGGESTED APPOINTMENT OF NEW DEFENCE MINISTER

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to direct a question to the Prime Minister. In the light of the increasing crusade being waged by the Minister of National Defence on behalf of the extension of the nuclear club, can we expect that the commendable effort by the Secretary of State for External Affairs in connection with this matter will be crowned with success at an early date by the appointment of a new minister of national defence?

Mr. Speaker: Order. The gentleman's question is a rather argumentative one and asks for the announcement of an appointment by the government. Such announcements, in my experience, have always been made on the government's own initiative and not in answer to questions from the floor.

INDIAN AFFAIRS

RESOLUTIONS REQUESTING BRINGING INTO FORCE OF SECTION 96A OF ACT

On the orders of the day:

Mr. Frank Howard (Skeena): I wonder whether in the absence of the Minister of Citizenship and Immigration I may direct a question to the parliamentary secretary, of which I hope sufficient notice has been given.

Can the parliamentary secretary inform the house whether any reply has been received from the attorney general of British Columbia with respect to the resolutions from the Tsitsk, Bella Coola, Kincolith, Metlakatla, Canyon City and Gitlakdamix Indian bands requesting that section 96A(2) of the Indian Act be brought into force, which resolutions were forwarded to the attorney general? If so, could he also give an indication as to the contents of the reply?

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): I wish to thank the hon. member for Skeena for having given me notice of his intention to ask this question. The reply to the first part of the question is yes; a reply has been received from the attorney general of the province of British Columbia. As far as the second part of the question is concerned the contents of the letter are being studied. I am not in a position to make any comment at the present time.

[Mr. Green.]

(Translation):

LABOUR CONDITIONS

DORVAL AIRPORT—SITUATION OF PORTERS AND EFFECT OF ORDER IN COUNCIL

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to ask the Minister of Transport whether he could give us any information concerning the matter of the Sky-Caps porters at Dorval airport about which he was supposed to make inquiries some time ago.

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the situation remains unchanged for the time being and is still being looked into.

Mr. Chevrier: The minister was also supposed to tell the house whether the order in council passed by his department constitutes an infringement upon provincial rights, that is to say, civil rights.

The minister made that statement in reply to a question of mine on February 3. Over a month has elapsed since then. Is the minister in a position to tell us whether he has made inquiries?

Mr. Balcer: Mr. Speaker, there is no infringement upon the civil rights of the provinces, and I advise my hon. friend that the order in council in question has not actually been carried into effect in the present case. We are still looking into the situation before reaching a final decision.

GRAND'MERE—STATEMENT CONCERNING SHUTDOWN OF TWO INDUSTRIES

On the orders of the day:

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): Mr. Speaker, in reply to the question put by the hon. member for St. Maurice-Lafleche on March 16 regarding Grand'Mere Knitting Mills and Grand'Mere Handicraft, I might say that those companies have not applied to the Minister of National Revenue for assistance. Neither did the minister himself ask that special measures be taken in favour of those companies. Any steps taken are intended for the textile industry in general.

(Text):

FORD MOTOR COMPANY—LAY-OFFS OF MACHINE REPAIRMEN

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, on Thursday last the hon. member for Trinity directed a question to the Minister of Labour based on a communication received by the Minister of Finance, a copy of which was sent to the Minister of Labour. I would like

to ask the Minister of Finance, having received the communication from the president of local 200 of the united automobile workers drawing his attention to the lay-offs by the Ford Motor Company of qualified machine repairmen while at the same time large machines from the plant have been sent to the United States for repairs, could the minister use his good offices to ask that this situation be rectified?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I received a letter containing such allegations and asking if I would communicate with the company. In my reply I pointed out that matters pertaining to the export of machinery for the purpose of repair, reconstruction or other such purposes with the intention of reimporting them into Canada are not matters falling under the jurisdiction of the Department of Finance but under the jurisdiction of the Department of National Revenue. I accordingly referred the letter to my colleague the Minister of National Revenue.

Mr. Argue: In the absence of the Minister of National Revenue could the Minister of Finance inform us what follow-up has been made, or representations, to the company?

Mr. Fleming (Eglinton): I think it is a little premature in this regard, as I received the letter only yesterday.

Mr. Argue: No; this letter was received last Thursday.

Mr. Fleming (Eglinton): I was in Victoria last Thursday, Friday, Saturday and Sunday.

DRUGS

PROPOSED LIMITATION OF PRODUCTION OF NARCOTICS

On the orders of the day:

Mr. W. H. McMillan (Welland): I should like to ask the Minister of National Health and Welfare a question in connection with the international convention to control the distribution of addiction-producing narcotics. Would the minister comment on the chance of limiting the production of these narcotics to the quantities necessary to meet medical and scientific needs?

Hon. J. W. Monteith (Minister of National Health and Welfare): I thank the hon. member for having given me notice of this question. I would hope there is every chance of limiting the production of narcotics to the fields specified by the convention adopted at the United Nations on Friday, since this, of course, was the purpose of calling together the many countries involved. The force of the convention will depend on the sincerity of the signing countries in imposing controls within their own national boundaries.

I am glad the hon. member has given me an opportunity to recognize the valuable contribution made toward the production of the convention by Mr. R. E. Curran of my department, who headed the Canadian delegation and acted as chairman of the drafting committee.

PUBLICATIONS

STATEMENT ON SALE OF ELLIOT LAKE "STANDARD"

On the orders of the day:

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, the hon. member for Kootenay West asked a question yesterday regarding the sale of the Elliot Lake *Standard*. I am advised that the first negotiations by the Thomson interests to purchase this paper were entered into three years ago, and obviously therefore bear no relationship to the present situation.

AIR TRANSPORT

CANADIAN PACIFIC AIR LINES—REQUEST THAT OVERHAUL WORK BE DONE IN CANADA

On the orders of the day:

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, yesterday the hon. member for Port Arthur inquired regarding a press report in respect of major overhaul work carried out by Canadian Pacific Air Lines in foreign countries. I understand that Canadian Pacific Air Lines has had some of its overhaul work carried out in Great Britain. Canadian Pacific Air Lines is a privately owned company which must operate in direct competition on its international routes with the international carriers of other countries. I know that, as a Canadian based company, it maintains extensive maintenance facilities in Vancouver. However, since this is a private matter of this company I am not in a position to comment any further.

HOUSE OF COMMONS

INQUIRY AS TO ACTIVITIES OF RETURNING OFFICERS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I would like to ask a question of the Secretary of State. Would the minister explain why returning officers have been asked to designate district boundaries and to enlist enumerators when it is known that a redistribution of ridings will be required by law for the 1962 session of this house?

Hon. Noel Dorion (Secretary of State): I will take the question as notice.

IMMIGRATION

REPORTED REMARKS BY DEPUTY MINISTER

On the orders of the day:

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): Mr. Speaker, the hon. member for Peterborough asked a question yesterday with reference to a speech made by the deputy minister of the Department of Citizenship and Immigration in Toronto last Saturday.

Dr. Davidson has advised me that in what he said about malicious libel on the reputation of Canada he was referring not to reports of economic conditions in Canada, but rather to reports of the alleged hardships suffered by certain immigrants who have returned to Europe from Canada. The hon. member might refer, in this connection, to a recent series of articles appearing in the British newspaper *The People*, beginning February 19 and running through to March 19. He might also refer to Stanley Westall's article in the *Globe and Mail* last Thursday, entitled "The Image of Canada—a Bad Press in Britain". I shall be glad to make the clippings available to him if he so desires.

IRENE REBRIN—PERMISSION TO REMAIN IN CANADA PENDING CIVIL ACTION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I would like to address a question to the parliamentary secretary to the Minister of Citizenship and Immigration. Would the parliamentary secretary assure the house that the usual practice will be followed, as in similar circumstances, and that Miss Irene Rebrin will be permitted to remain in Canada until the conclusion of a civil action in which she is interested?

Hon. E. D. Fulton (Acting Minister of Citizenship and Immigration): Perhaps I might deal with that question, Mr. Speaker, in the absence of the minister. I can assure the hon. gentleman that every consideration will be given to the proposition he has put forward.

SUPPLY

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

The Chairman: We are considering supplementary estimates, item No. 687.

DEPARTMENT OF FISHERIES

688. Payment, subject to such terms and conditions as the governor in council prescribes, of assistance to producers of salted fish on products designated by the governor in council, in the amount of 50 per cent of the laid down cost of salt purchased for their production—further amount required, $155,105.

[Mr. Dorion.]

Mr. Carter: May I ask the minister if he has a breakdown of this amount by provinces?

Mr. Fleming (Eglinton): The hon. member will appreciate that this is an estimate of what will be required for this purpose. The provision of information as to any possible breakdown of payments among provinces will not become possible until the payments have actually been made. Of course the estimate itself does not attempt a precise breakdown on this basis.

Item agreed to.

690. Contribution towards the costs of a special meeting of the food and agriculture organization of the United Nations regarding distribution and use of fish meal, $2,500.

Mr. Regier: On this item I should like to lodge a complaint with the minister, with the Department of Fisheries and with the government as a whole. In recent years we have received notice of a developing practice, especially on the part of fishing companies located in British Columbia, under which, in the production of herring fish meal, they are moving into other countries and using their capital resources, taking advantage of lower labour costs, especially in such countries as Peru, to develop large herring fishing industries. This has the result of undercutting and eliminating the Canadian production of fish meal, and consequently our herring fishermen have had to suffer long months of unemployment. They have now been re-employed at reduced rates. Their income has been reduced because of the activities of Canadian corporations which are establishing herring fishing enterprises in other countries.

These corporations are using Canadian resources to do this. They are using the profits they made in Canada in the Latin American and South American countries, with the result —I will not say with the purpose—that many Canadians interested in herring fishing, and who have invested their whole life savings in gear and equipment, are either unemployed or have their income reduced. If we are to engage in international aid in regard to the distribution of fish meal, I feel that Canadian fish meal should be distributed to those nations in the world that have need of it. Consequently every consideration ought to be given to the Canadian production of fish meal, and we should not be voting money here that will help to distribute to the needy nations of the world the fish meal that has been produced by Canadian corporations in countries other than Canada. If we are to give aid in this respect we ought to ensure that Canadian fishermen get the benefit, and that we are not

actually aiding Canadian corporations in their profit-making schemes in other countries of the world.

Item agreed to.

Governor general and lieutenant governors—

691. Office of the secretary to the governor general—further amount required, $8,500.

Mr. Herridge: I want to ask one question of the minister, who I know has a great regard for constitutional rectitude. Would the minister consider it proper for a lieutenant governor of a province, who it the representative of Her Majesty, to be appointed a director of a crown corporation and be subject to the criticism of members of parliament?

Mr. Fleming (Eglinton): Mr. Chairman, I am not in the habit of expressing opinions on speculative or hypothetical questions. If the hon. member will direct my attention to something specific under the proper circumstances I will do my best to give him an opinion, but I warn him that I am still in good standing as a barrister and solicitor in the province of Ontario, and if this question involves rendering a legal opinion I will expect him to see that the labourer is regarded as worthy of his hire.

Item agreed to.

DEPARTMENT OF JUSTICE

692. Departmental administration, to extend the purposes of vote 151 of the main estimates, 1960-61, to include a grant of $5,000 to the Canadian corrections association to assist in defraying the costs of a congress of corrections to be held in Toronto in 1961, $5,000.

(Translation):

Mr. Roberge: Mr. Chairman, I should like to put a question to the Minister of Finance (Mr. Fleming) concerning this item. The provision relates to a grant to the Canadian corrections association to assist in defraying the costs of a congress of corrections to be held in Toronto in 1961. Can the minister give us further details about this congress? Will it be sponsored by the Department of Justice or by a professional association?

(Text):

Mr. Fleming (Eglinton): The Canadian corrections association is sponsoring a congress of corrections to be held in Toronto from May 14 to May 19 next. It is expected there will be close to 1,000 persons in attendance from all parts of Canada. Those are persons engaged in correctional work, such as judges, magistrates, crown attorneys, defence counsel, wardens and other officers of penal institutions, probation and parole officers and social workers in the field of after care. It is also expected there will be in attendance certain well known authorities in the correctional field coming from the United Kingdom, the United States and Belgium, as well as representatives from the Department of Justice.

Mr. Hellyer: Can the minister say whether there is any special reason why this convention is being held in Toronto other than the beauty of the city, the friendliness of the people and the unsurpassed convention facilities which exist there?

Mr. Fleming (Eglinton): I think the hon. member will agree with me that no further reason is required.

Mr. Hellyer: I thank the minister.

Item agreed to.

Northwest Territories—

694. Administration of justice in the Northwest Territories including the Northwest Territories territorial court—further amount required, $48,500.

Mr. Roberge: I have noted that the item in the main estimates provides for $45,000. The government is now asking for an additional $44,000 in these supplementary estimates. Can the minister indicate why such a tremendous increase is required?

Mr. Fleming (Eglinton): This vote of $48,500 is composed of two elements; the first, $44,000; the second, $4,500. The item of $44,000 covers fees paid to crown counsel and defence counsel appointed by the court in the Northwest Territories as well as fees, living expenses and transportation of jurors, witnesses, interpreters and others in connection with the proceedings in criminal matters and the conduct of coroners' inquests. From this allotment are also paid the expenditures made by the Royal Canadian Mounted Police for the maintenance of prisoners, including the hiring of matrons for female prisoners while jailed in Royal Canadian Mounted Police guard rooms and during transportation to provincial jails.

I may say that in addition to the current expenses I have mentioned there has been received by the Department of Justice a bill in the amount of $21,687 from the government of the Northwest Territories, covering payments made by that government to the province of Manitoba with respect to the housing of juvenile delinquents from the Northwest Territories. This is a cumulative amount covering such service between April 1, 1953 and June 30, 1960. That explains why the item is concentrated at this particular time but this portion covers, as the hon. member will see, some seven and a quarter years.

Item agreed to.

Combines Investigation Act—

696. Restrictive trade practices commission—further amount required, $17,500.

Mr. Creston: Can the minister give the committee some details as to what industries are being investigated, necessitating this additional expenditure? In the details on page 20 there is simply a general statement referring to fees and expenses of reporters, witnesses and so on, and also travelling expenses, with no indication in what field of investigation this money was expended. I think the statement of details would have been more informative and more complete if it had included information as to the particular trades or practices being investigated.

Mr. Fleming (Eglinton): I think the hon. member is aware that it is not the practice to announce the particular areas of Canadian business or industry in which investigations are being carried on until a report has actually been made and published.

Mr. Carter: Mr. Chairman, I should like to repeat a question I asked the Minister of Justice on March 7 and I quote now from page 1798 of *Hansard*:

I should like to direct a question to the Acting Minister of Justice. In view of the fines levied on eight electrical companies in the United States for bid rigging and price fixing, will the minister tell the house whether any investigation is being made or is contemplated by the combines investigation branch into similar practices by the Canadian counterparts of these electrical companies?

The Solicitor General, who was the acting minister of justice at that time, said:

I will take this question as notice and give the member an answer at an early date.

If the answer has been given I have missed it. I wonder whether the minister can throw any light on this question.

Mr. Benidickson: Mr. Chairman, I do not imagine that the Minister of Finance could be expected to reply to that question, but I rise with a similar purpose in mind. On March 13 I asked a question in similar vein with respect to combines administration. My question referred to two articles that had appeared in the Toronto *Globe and Mail* under the by-line of Mr. Bruce Macdonald in which it was alleged that since the passing of legislation last session electrical goods were no longer available except at prices 25 per cent to 40 per cent higher than had been normal prior to last year's legislation coming into effect. At that time the parliamentary secretary replied to my question in these words, as found on page 2914 of *Hansard*:

Mr. Speaker, I am sure the officials are on the job in this respect, but I shall be glad to refer the matter to the appropriate officials for comment.

[Mr. Fleming (Eglinton).]

I have been very intrigued this afternoon to note the lack of co-operation that the Minister of Finance is experiencing so far as his colleagues are concerned when he is called upon to deal with problems of this nature in this important committee of supply. We have only been in committee for about 20 minutes. I saw the Minister of Justice conveniently retire, but I thought fortunately we still had his parliamentary secretary here. However, as we approached closer to the items under the heading "Justice", by coincidence or otherwise the parliamentary secretary retired. Then I thought that we were still all right because the Solicitor General, who has acted as minister of justice, was with us and perhaps we would be able to get some information from him on these matters about which we could not expect the Minister of Finance to have complete details. However, as we were getting closer and closer to the items under the heading "Justice", off went the Solicitor General.

Mr. Chevrier: He cleared out, too.

Mr. Fleming (Eglinton): Mr. Chairman, any connection between the particular items now engaging the attention of the committee and the movement of my colleagues and the hon. members to whom reference has been made is, I am quite certain, purely coincidental. The long-time practice of the house has been that the final supplementaries coming at the close of the fiscal year are handled by the Minister of Finance as best he can. I may say that I do not find the lack of co-operation on the part of my colleagues that the hon. member for Kenora-Rainy River professes to find.

So far as the question of the hon. member for Burin-Burgeo is concerned, I shall be glad to draw his inquiry to the attention of my colleague.

Mr. Hellyer: Can the minister tell us the number of prosecutions under this legislation in the fiscal year just ending compared with the number in the previous fiscal year and also whether the change, if any, is responsible for the increased expenditure?

Mr. Benidickson: I am delighted to see that the parliamentary secretary to the Minister of Justice was only behind the curtain and is now back in his seat. I refer to him the question I posed as long ago as March 13 last. It related to allegations that under the new combines legislation passed last session electrical consumer goods are no longer available generally throughout the country except at prices 25 per cent to 40 per cent higher than those prevailing prior to the new legislation. In my view this confirmed the warning of

the opposition last year when the legislation was introduced. We asserted then that such legislation was likely to have a very adverse effect upon consumers. We pointed in the strongest possible terms the danger of price fixing, particularly if jurisdiction over price fixing was to be removed from the Department of Justice and, as is usually the case under Conservative administrations, transferred to the hands of powerful manufacturers such as Canadian General Electric and others who are referred to in the articles by Mr. Bruce Macdonald in the *Globe and Mail.*

Mr. Bell (Saint John-Albert): Mr. Chairman, I should like to say for the record that there is no evidence whatsoever that the consumer has been harmed in any way by the legislation enacted last year. In fact I think the contrary is the case. I am not sure whether the hon. member wants a specific answer at this time to the question he posed.

Mr. Benidickson: The parliamentary secretary will recall that he assured me that after consulting the officials he would furnish some information to the house. These articles received considerable prominence, and my recollection is that they asserted facts in a most positive way. They referred to companies, they referred to products, and they referred to very distinct changes in consumer prices in the range I have already mentioned and which I referred to in my question of March 13 to which no reply has yet been made.

Mr. Bell (Saint John-Albert): The question asked by the hon. member for Kenora-Rainy River on March 13 was as follows:

> Would the parliamentary secretary inquire and inform the house whether officials have examined the first retail pricing guide issued by the Canadian General Electric Company Limited after the government's amendments to the Combines Investigation Act last session to ascertain whether consumer electrical goods, in consequence, are no longer available except at prices 25 per cent to 40 per cent higher than formerly?
>
> If an examination has taken place, is the minister satisfied that because of the amendments of last session there is no offence against the remaining provisions of the act respecting resale price maintenance?

In reply to this question I may say the matter has been brought to the attention of the director and is presently being examined to determine whether an inquiry is warranted. Of course, as the hon. member knows, the general practice is not to give out information on whether or not an inquiry is proceeding unless and until a report is published.

Mr. Regier: Mr. Chairman, I agree that the government needs this additional amount. I believe a useful purpose is served in exposing the activities of Canadian or other corporations in so far as price fixing is concerned. However, in a certain way we are simply pouring money down the drain. Almost every major industry in Canada has been found guilty of violating the Combines Investigation Act, yet no beneficial results have flowed to the Canadian consumer except the publicity given to these matters. I feel the time is rapidly approaching when the Canadian government should reconsider its position in connection with this subject.

I remember very well indeed, Mr. Chairman, when our present Prime Minister was a member of the opposition. At that time he demanded of the government of the day that the Combines Investigation Act be amended in order to put some teeth into it. It was his contention then that anyone who was found guilty of violating the Combines Investigation Act, no matter how high ranking an officer he might be, should have imposed on him a mandatory term behind bars. He ought to have to go to jail, because the mere levying of a fine is ineffective and even ludicrous. If the Prime Minister meant what he said a few weeks ago, that the issue in the next election is going to be free enterprise versus socialism, I believe his election appeal is going to meet with very little response unless he is able to show that his government really believes in free enterprise.

We have had all these investigations in the past, and almost without exception Canadian enterprise has been found guilty of plotting and scheming in an unethical way, in an illegal way, to rob the consumers. Even the Minister of Finance, I believe it was in his budget address in 1959, admitted to this house the concern of the government over the growing power of corporations to determine prices regardless of the normal laws of supply and demand. If the election issue is going to be free enterprise versus socialism, the government will have to convince the Canadian people that there is some free enterprise.

I happened to be in the United States at the time the officials of the electrical industry were convicted of combining. I can assure the minister that after these officials were sentenced to jail the people of the United States found a renewed faith in the fundamentals of free enterprise. We have seen nothing of the kind happen in Canada. I think we ought to take the Prime Minister's advice when, as an opposition member, he advocated that if our Canadian people are to be expected to believe in the existence of free enterprise, if they are not to become cynical, then we will have to prove by the implementation of the Combines Investigation Act that we mean what we say. After all, Mr. Chairman, I do not see why a man who steals a bit of wire from the B.C. Electric should be sentenced to two years in the penitentiary, while a man

who is a member of the baking industry combine and who needlessly adds one cent per loaf to the cost of every loaf of bread the Canadian housewife buys, should only be fined. In my opinion the baker is a bigger criminal than the man who steals a bit of wire from his employer.

I would urge upon the government that they look at the attitude and the thinking of the government across the border in connection with this issue, and recall how quickly the confidence of the people of the United States was restored in the institution of government. In contrast, our government merely carries on year after year by levying fines upon those who have been found guilty. This means nothing to these people. As a matter of fact they very often increase their rate of violation immediately after the results of an inquiry have been released.

If the minister is really concerned about the growing power of Canadian corporations to determine price levels regardless of the normal law of supply and demand, I recommend that before we vote much more money to the combines investigation branch we consider amending this act so that it will have some effect on the Canadian economy and on the faith the Canadian people are supposed to have in our method of doing business, as well as upon the respect our people are supposed to have for law and order in this country.

Mr. Hellyer: Mr. Chairman, we should hear something from the minister on this subject. The parliamentary secretary to the Minister of Justice told us a few minutes ago there was no evidence that prices had been increased since the change was made in the legislation last year. Obviously the parliamentary secretary has not been shopping recently or he would know from his own experience that prices for many lines of hard goods have increased. The Minister of Finance should be interested in this matter, because the Minister of Finance is interested in the total amount of business done in this country and in the total number of jobs available to Canadian workers.

The Minister of Finance is well aware of the fact that there is an elastic demand for many of these hard goods. The lower the price is, the greater the market, and the greater the market the more jobs there are for the people who manufacture these goods. Part of the trouble with our economy at the present time is this matter of the rigidities which are being built into it. One of these rigidities is fixed prices. I think the minister should look into the effects of the changes in the legislation which were enacted by parliament last year to determine the extent to which they have caused prices to be increased, as well as the effect this has had on markets and consequently upon employment in Canada. I think he should do this not only for his own sake but because he has a responsibility to this House of Commons and to the Canadian people because of his high office.

Mr. Benidickson: The productivity council should look at it also.

The Chairman: Shall item 696 carry?

Mr. Regier: No. I should not like this opportunity to go by without making this comment. When I referred to the budget contribution of the Minister of Finance in 1959 I noted that he, by shaking his head, attempted to deny that he had indicated as I mentioned. I should like to read to the minister what he had to say as reported at page 2408 of *Hansard* of April 9, 1959 when, among other things, he said this:

> Advancing technology might have been expected to reduce the cost and selling price of many products to consumers. It is evident, however, that developments in corporation pricing policies, in labour organization and even in our political democracy are producing increased rigidities which inhibit the free play of competitive forces and thereby promote inflation and price increases.

All I am asking at this time is what are the intentions of the government with regard to this concern so aptly and ably expressed by the minister on April 9, 1959, other than a mere pouring of more money into more investigations that will find even more Canadian corporations guilty, but will have no effect in reality except to build up an attitude of despair and cynicism on the part of Canadian consumers.

Mr. Fleming (Eglinton): Mr. Chairman, I am obliged to the hon. member for reading exactly what I did say in the budget speech of 1959 and in that way exposing his earlier misinterpretation of what I said in this regard. Hon. members are now in a position to contrast what I actually did say with the interpretation put upon it by the hon. member in his earlier remarks.

May I remind you, Mr. Chairman, that item 696 is for a further amount required in addition to a sum already voted by parliament and to be found in the Appropriation Act passed earlier in the session of 1960. In this situation, as I understand it, the rule that applies is that we are not debating the principle of the main item but are simply endeavouring to decide whether the additional amount now proposed is in fact required.

I may say that this additional amount is in fact required. It is required owing to an unforeseen increase in reporting costs and other fees and expenses in unusually prolonged inquiries, and to cover the cost of travelling to hearings at points outside of Ottawa. These are additional expenses necessarily incurred

in the effective enforcement of our combines legislation. I would have thought that the hon. member for Burnaby-Coquitlam would warmly applaud these demonstrated efforts at effective enforcement of the legislation enacted by parliament in this regard.

Mr. Hellyer: I want to say just one word. Surely we are in order in discussing here the government's schizophrenic approach to the matter of combines. On the one hand it spends more money on prolonged investigations, and on the other hand it introduces legislation which is responsible for more prolonged investigations owing to the fact that it enables companies to have broader scope in the fixing of prices within the law. For this reason we are perfectly justified in questioning further expenditures which might not have been necessary if the government had not taken an altogether different position in the legislation it placed before this House of Commons last year.

The Chairman: Shall vote 696 carry?

Mr. Regier: No, Mr. Chairman. The minister made an attempt to indicate that we might even be out of order. No one here attempted to debate the principle of the Combines Investigation Act. We only ask the government, before we vote the additional amount for the implementation of this act, what its intentions are in this regard.

I listened carefully to the hon. member for Trinity when he spoke previously, and he also complained about the rigidity in our price structure. I indicated the minister's complaint on April 9, 1959 about the rigidity in our price structure. All I am asking of the minister is that he indicate what intentions the government has in this regard. Is this money now being asked for going to help to eliminate or to elasticize the rigidity that now exists by restoring a bit of old fashioned, honest, free enterprise into our economy?

Item agreed to.

DEPARTMENT OF LABOUR

Special services—

697. Special services branch including the promotion of a program for combating seasonal unemployment, the organization and use of workers for farming and related industries and assistance to the provinces under agreements entered into with the provinces by the Minister of Labour with the approval of the governor in council—further amount required, $65,000.

Mr. Chevrier: Mr. Chairman, this vote reads as follows:

Special services branch including the promotion of a program for combating seasonal unemployment—

And so on. I should like to say a word in connection with this matter. I believe it was on March 21 last that the Minister of Labour indicated in the house, by way of an announcement, that some 105,000 jobs were created this year because of the winter works program.

Mr. Fleming (Eglinton): Mr. Chairman, may I say that the minister was referring to the municipal incentive winter works program. This item does not refer to that matter. This item refers to expenditures in relation to publicity to encourage people all over the country to undertake the provision of employment in the winter. This item is not related to the government's own municipal incentive winter works program.

Mr. Chevrier: As I said earlier, Mr. Chairman, this item refers to the promotion of a program for combating seasonal unemployment. The implementation of winter work is for the benefit of seasonal unemployment. It is my intention to deal with seasonal unemployment under this heading. I hope the minister will allow me to continue, because I believe that the remarks which I intend to make, and which are going to be brief, are in conformity with the title of this item.

I was going on to say that, following the statement which the Minister of Labour made and which can be found at page 6823 of *Hansard* of July 23, 1960, reference was made to seasonal unemployment and the assistance that was being given to combat seasonal unemployment by the winter works program. The government has attempted to deal with the matter on every opportunity which has been given in the house. The government has taken full credit for the creation of new jobs during the season of unemployment. To the extent that any new jobs have resulted from works provided by the government to relieve seasonal unemployment, in my opinion and that of those of us who sit on this side of the house credit should go to the local authorities on whom the major financial burden of these projects has fallen.

On July 23 of last year the Minister of Labour stated that the average labour content of all municipal winter works is 34.5 per cent. As the committee knows, the federal government pays 50 per cent of the direct labour cost or approximately 17 per cent of the total cost. An additional 25 per cent to 40 per cent of the direct labour cost is borne by the province. In the case of the province of Quebec 40 per cent of those costs are being paid by that government, and were it not for what is being done by way of assistance with regard to seasonal unemployment in the province of Quebec, unemployment there would be much higher than it is. The point I am trying to make is that under this scheme

for combating seasonal unemployment the main burden falls upon the municipalities.

I have compiled here two tables which indicate that the winter works program is not as effective in its impact as the government would have us believe. Special table 3(c) breaks down the labour force estimates of employment by industry and by occupation, and I should like to table a compilation of figures derived from special table (c) entitled "Employed by Industry and Occupation" issued by the special surveys division of the dominion bureau of statistics. I should like to ask permission to table these two documents.

Mr. Chambers: Did the hon. member for Essex East do any arithmetic in connection with those?

Mr. Chevrier: No, these are not from the hon. member for Essex East, though were he here I am sure he would approve of those two documents.

The Chairman: Did the hon. gentleman say he wanted only to table these documents?

Mr. Chevrier: I should like to have them printed in *Hansard* in connection with the matter now under discussion.

Mr. Fleming (Eglinton): I take it they are from government sources.

Mr. Chevrier: Yes, as I have indicated they are from special table 3(c), employed by industry and occupation, special surveys division, dominion bureau of statistics.

The Chairman: These are two tables. Does the committee agree to have them printed at this point in the hon. member's remarks?

Some hon. Members: Agreed.

[*Editor's note: The tables above referred to follow:*]

EMPLOYMENT IN CONSTRUCTION INDUSTRY

	January	February	Absolute Change
1958	331,000	333,000	+ 2,000
1959	341,000	342,000	+ 1,000
1960	340,000	331,000	— 9,000
1961	317,000	307,000	—10,000

Source: Special table 3(c), Employed by industry and occupation, special surveys division, DBS.

EMPLOYMENT BY OCCUPATION

	CONSTRUCTION			LABOURERS AND UNSKILLED WORKERS		
	January	February	Difference	January	February	Difference
1958	273,000	269,000	— 4,000	271,000	272,000	+ 1,000
1959	266,000	271,000	+ 5,000	298,000	297,000	— 1,000
1960	267,000	267,000	0	294,000	289,000	— 5,000
1961	253,000	260,000	+ 7,000	294,000	273,000	—21,000

Source: Special table 3(c), Employed by industry and occupation, special surveys division, DBS.

Mr. Chevrier: If hon. members would look at the first table entitled "Employment in Construction Industry" they would see there were 10,000 fewer jobs in construction in February of this year than there were in January, and 24,000 fewer than in February, 1960. Thus, the winter works program has not mitigated the seasonal decline in employment in the construction industry between January and February.

In so far as the other table is concerned —the table entitled "Employment by Occupation"—as can be seen from the table which has just been filed there was a decline of 4,000 workers in 1958, but during the last three years there has not been a decline in the number of what are termed construction workers between January and February. During 1959 there was an increase of some 5,000 workers and this year there was an increase between January and February of some 7,000 workers.

However, the point I am trying to make, and which is borne out by this latter table, is that the winter works program has had no discernable impact on the employment of labourers and unskilled workers. There were approximately 21,000 fewer jobs in this occupational category in February of this year than in January. We have, of course, asked the government on a number of occasions—the hon. member for Essex East and others, too—for a local breakdown of the projects undertaken during this year's winter works program. We have not as yet obtained the answer, so we have been unable to analyse the local impact of the projects.

There are a few explanations why the government can claim that there were 105,000 additional jobs created by the program and why there has still been no amelioration of the seasonal unemployment problem among construction and unskilled workers. These reasons are, first, that municipalities have undertaken during winter construction work which would normally be done in summer in the belief that the extra cost involved would be more than compensated for by the participation payments of the federal government. To the extent that this is true, no

new jobs have been created but, rather, unemployment in wintertime has been replaced by unemployment in the summertime. This has been brought to the attention of the government not only during discussions this year but also last year when an indication was given to the Minister of Labour that in so far as seasonal unemployment is concerned many of the municipalities which undertook works simply postponed the works from summer to winter, the effect of which was simply to postpone unemployment in wintertime to unemployment in summertime.

The other point I should like to make is that communities suffering from a high incidence of seasonal unemployment have found themselves incapable of participating in the winter works program to any great extent because of the high level of cyclical unemployment they have experienced this year and the encumbent financial burden of increased welfare payments. Communities such as the city of Ottawa, for instance, where there is not a high level of unemployment, have been able to take advantage of winter works projects to a greater extent than communities which really need them. This, I think, is a factor which should be taken into consideration with regard to this whole matter of seasonal unemployment.

There are two suggestions I should like to make and then I shall resume my seat. They are a repetition—and I think they need to be repeated—of suggestions which have already been advanced by those of us who sit on this side of the chamber. They are, first, the establishment of a municipal loan fund, and, second, the incorporation in the winter works program of a formula on a sliding scale of federal participation depending on the amount of unemployment in a particular area. That would have the effect of insuring that the winter works program had its greatest impact in distressed areas. As a deterrent to seasonal unemployment and as a project to assist employment we do not think that what has been advanced by the government meets the situation at all, and now I have reference particularly to the formula which was brought down by the Minister of Labour having to do with accelerated depreciation. It is our opinion that the two suggestions I have just made would meet the situation far better.

Mr. Fleming (Eglinton): This item is one calling for the provision of a further amount of $65,000 to supplement the amount previously voted in the main estimates. It has nothing whatever to do with the municipal incentive winter works program. As I pointed out after the hon. member for Laurier had launched into his remarks, this has to do with the effort made to encourage others than municipalities to undertake what measures may be open to them with a view to extending employment in the winter months. This is an offer that has been made by the Department of Labour, and with very encouraging results, to encourage people to do work in the winter and to undertake the job of creating work that can be done in winter months but is not always done then, for some reason or other.

This item is designed to provide the sums that have been expended for publicity in this regard, directed to bringing home to people their responsibilities in this respect, and the opportunities that do exist for the undertaking of work during the winter months. This lies completely outside the field of the municipal winter works incentive program. That is a matter that was undertaken, in so far as the estimates are concerned, under an item that was brought in with an earlier group of supplementary estimates. If we are going to have a debate on that I will be happy to participate in it but with respect, that lies completely outside the ambit of this present item.

Mr. Benidickson: In view of the remarks just made by the Minister of Finance, I take it that this involves some uncontemplated items of advertising and promotion that would have an ancillary effect with respect to the enlargement of the winter work. Perhaps it includes advertising such as I have here "Department of Labour—Do it Now with a Small Business Loan". Perhaps that is one of the items that was not contemplated when the main estimates were provided more than a year ago, and perhaps advertising of this kind would be provided for in the vote we have before us, is that so?

Mr. Fleming (Eglinton): That particular advertisement may have been included in the scope of the main original estimate. I cannot say precisely whether it was included in the sums provided for in the supplementary estimates now under consideration, but the increase that is provided for here, in the appropriation for this total purpose, arises in part out of the fact that after the main estimates were introduced in the house for the fiscal year 1960-61, the chartered banks indicated their willingness, when this matter was discussed with them, to service home improvement loans. This type of loan was extended by Central Mortgage and Housing Corporation to include the owners of rental properties. The winter employment committee within the Department of Labour recommended that, in view of the need to give

support to the promotion directed to home and farm improvement loans the increased cost for the printed material over the last year and the needed expansion to keep pace with demand, the expenditure for winter employment publicity should be increased. That has been approved and this additional sum of $65,000 resulted.

Mr. Benidickson: I was not referring to advertising with respect to home improvement loans because, after all, that has been a form of providing employment which has been in existence over a long number of years.

Mr. Fleming (Eglinton): With respect, I think the hon. member is not right about that. The home improvement loans program was undertaken last autumn. What has been done in that respect since is quite additional to what has been done before. The co-operation of banks was enlisted and a new program was undertaken in this respect, and because this source is regarded as such a hopeful one for the provision of employment, a campaign was undertaken to promote the awareness on the part of Canadians of the fact that home improvement loans were available as well as farm improvement loans.

Mr. Benidickson: Farm improvement loans and home improvement loans arranged through the chartered banking system in this country have been available for years. There is nothing new in this regard except that the terms of the loans change from time to time as a result of the amendments regarding the amounts, and so on. I was referring to something that is new—small business loans—where again the enlistment of the chartered banks' support is made with the banks' numerous branches across the country. Since this legislation was passed it has been possible for businessmen to get small business loans. When this new legislation was introduced it was suggested that there was an accumulation of perhaps $65 million worth of work.

Mr. Fleming (Eglinton): It was $75 million.

Mr. Benidickson: Yes, $75 million—I stand corrected—of work that was standing ready and which would be accommodated under this new legislation. The minister will recall that I complained about this later, and said we thought, in order to assist the winter works emergency, this should have been advanced more rapidly. The opposition co-operated in this regard at the beginning and its debate and criticism were reduced to a minimum prior to Christmas. We were very surprised to find that the cabinet had not arranged these regulations sufficiently in advance so that it would be possible, prior to January 19, for the banks in this country to be ready to receive applications for loans. Since that time a number of inquiries have been made regarding the approach to the target of this $75 million worth of work, to which the minister has referred, by the extension of loans. These were presumably requirements which were ready, on shelf.

A number of inquiries have been made in parliament of the Minister of Finance, because this was legislation initiated by him. It would seem that some of this money is required for advertising, through the Department of Labour, because we have seen advertisements across the country such as the one to which I referred—"Do it Now With a Small Business Loan". I am not referring to home or farm improvement loans, but new small business loans. Presumably because this is a new thing it could not have been provided in the main estimates which were prepared over a year ago. I do feel, however, that since January 19, 1961 when the cabinet's regulations were made public, the Minister of Finance has not been adequately communicative to this house and to the country with respect to progress under this new legislation.

I think on March 9 the hon. member for Port Arthur raised a question in respect of this subject and the reply of the minister was that there was no report available as yet. Later on March 22 the hon. member for Beauce asked what report of progress the minister could give.

Mr. Fleming (Eglinton): Was that not for January?

Mr. Benidickson: Yes, from January 19 to January 31 was the purport of his question. He asked how many loans had been made and what was the total amount involved. At that time the Minister of Finance said he had no information in that regard. I would suggest that while we are dealing with an item relating to the Minister of Labour, we are fortunate this time to have a direct tie-up with an item that appears to have been originally fathered by the Minister of Finance, and I think it is now time for the Minister of Finance to give us some information in a definite way as to the number and dollar volume of loans that had been made since January 19 under the small business loans legislation of this session.

Mr. Fleming (Eglinton): The banks have 30 days to make returns in this respect. If the hon. member had read my answers to these questions instead of paraphrasing them he would have seen that what I had indicated was that if the starred question which was asked was rephrased to include the period

to February 28 I would be pleased to supply that information just as soon as it was available.

As I pointed out, there is no value in asking for a return for the last few days of the month of January because the loans only became available on January 19 and, after all, the processing had to be done after that.

In relation to the figure that has been quoted by the hon. member as to the work waiting to be done, in the discussion of this matter earlier in the session I used the figure of $75 million which, as I pointed out, had been furnished to me by the retail merchants' association of Canada as their estimate of the volume and value of work waiting to be done on retail premises in Canada in the modernization and reconstruction of them.

(Translation):

Mr. Deschatelets: Mr. Chairman, I simply want to say a few words in connection with item 697 concerning the Department of Labour.

I quite understand that the Minister of Finance (Mr. Fleming) would wish to limit as much as possible a discussion of this item, more particularly if one turns to the third line reading: "for combating seasonal unemployment".

That gives me an opportunity of mentioning again what everybody knows, that until last fall, this government considered unemployment a seasonal occurrence. As a matter of fact, the Minister of Finance will recall that in his budget speech, last March, he only devoted a few lines to the unemployment situation. As a matter of fact, if I remember well—and I am now relying on my memory, so the minister may correct me if I am wrong—he said this: "I hope that the coming spring will create new employment opportunities".

The minister will also recall that we criticized, and rightly so, his observations.

Mr. Chairman, when dealing with this question of unemployment, and more particularly seasonal unemployment, we are always struck by the failure on the part of this government to solve this serious problem for which it seems unable to find a practical remedy.

I have no intention of speaking much longer on that issue. We will have that opportunity, if the leader of the house does not delay too much submitting to the house the estimates of the labour department. I very much hope he will not wait for the last day of the session to do so—as was the case during the last session—so that we may have the opportunity of discussing this lack of policy on the part of the government and a chance of expressing all suggestions which we are able to make, which we never failed to do whenever there was an opportunity.

(Text):

Mr. Hellyer: Did I correctly understand the minister to say that this money had been spent to advertise home improvement loans and small business loans?

Mr. Fleming (Eglinton): I pointed out that the additional amount required is attributable in part to the fact that the banks were persuaded last autumn to undertake the home improvement loan program, a substantial program, and it was considered most desirable in the interest of stimulating winter work that this fact should be brought to the attention of the Canadian public. This resulted in the enlargement of the expenditure for the publicity promotional program over that which was previously contemplated.

I may say that more and more companies, businesses, organizations, associations and all segments of society have been lending support to this campaign of persuading people to undertake as much of the job creating work as possible during wintertime, and have carried the winter work message in promotional media. This is a sample of the kind of co-operation that has been received by the Department of Labour from the public and is warmly appreciated. This has been made possible by the preparation of material by the Department of Labour, information branch, for non-government sources. This in itself has meant that more Canadians are being exposed to the idea of having more work done in the winter when men and materials are available, at a time when, quite apart from unemployment attributable to other causes, we have always had the problem of seasonal unemployment. It is estimated that for every dollar spent on paid advertisement by the government in this regard $10 has been contributed from outside sources. This includes, of course, not only national publicity but also local support which has greatly increased this year as a result of greater concentration across Canada by the local offices of the national employment service.

Mr. Hellyer: That is what I thought I understood the minister to say and I must admit I am surprised to have it confirmed to me. This government has endorsed some very strange principles. In many instances it has introduced what might be referred to as the Houdini system of accounting. The Minister of Public Works was asked in this house to consider the advisability of the chartered banks making loans at the current

National Housing Act rate. In reply, he said, with a certain amount of obvious righteousness, that the government would not consider tinkering with the bank rate; that it must continue the bank rate; that it must not allow a change to take place which would increase the charge to the Canadian taxpayers for loans made to them by the chartered banks; and he imputed political motives to us for making this suggestion.

And yet, Mr. Chairman, here we have the Minister of Finance doing the same thing by the back door method. Instead of allowing the chartered banks to increase their rates he says, "If you do what we ask you, we will do your advertising for you so that it will reduce your costs of doing business". This is a very strange principle, indeed.

The government refuses to face the fact that the banks will not make a certain type of loan at the rates which they are allowed to charge by law; but in order to encourage them to make the loans which the government wishes to have made the government says, "We will take some money out of our back pocket and we will do the advertising for you so that people will come to your doors and ask you for loans, and in this way we shall be mitigating the effect of the statutory limitation on the interest rates which you are allowed to charge." This is a most surprising thing, Mr. Chairman. The Minister of Finance has done similar things with his obvious polish and sleight-of-hand in some of his bond savings campaigns. Therefore, he seeks to do by one indirect method what he refuses to do directly because of the political consequences of taking direct action.

Here we have the government of Canada spending the taxpayer's money to advertise private businesses, to advertise that private businesses are open to receive applications for business from the public at large. What principle could be more questionable than this one? I should like the Minister of Finance to explain to the committee why we should vote money to the government of Canada to enable it in effect to subsidize the rate of return which private institutions are able to obtain from the loans made to taxpayers who have to foot the bill for these expenditures on advertising.

Mr. Fleming (Eglinton): Mr. Chairman, this is one of the most ridiculous assertions, I think, that this committee has heard. I can only conclude that the hon. member has some animus toward the idea of having the banks launch with some vigour into a program of home improvement loans. I may say it was a matter of no little satisfaction to the government last autumn when, in discussion with the banks, we found the banks willing to undertake an invigorated program of home improvement loans. This obviously was going to be a source of employment particularly during the winter months because this is the type of work that can be carried on indoors.

If it is a justifiable policy on the part of the government to seek to increase employment during the winter months, then I should think it is not only equally justifiable but equally a duty of the government to see that as much use as possible is made of the facilities thus created. That is why, within the scope of the promotional program to which I have referred and which was provided by parliament in the main estimates for this purpose, the fact that the banks were providing home improvement loans was made known as one of many matters that indicated to people throughout the country that facilities existed making it desirable for them to undertake these job creating programs during the winter months.

This program has been successful because the expenditure of money on this promotional campaign has unquestionably had the effect of creating jobs, and it strikes me that this is hardly an occasion for a rebuke to be administered to the government by the hon. member. If it is the wish of hon. members that there should be no more unemployment than can be avoided and if it is the policy on the part of hon. members that work should be provided in the winter to meet the problem of seasonal unemployment, then I should think it would be the desire of hon. members to make this effective without dredging up accusations out of whole cloth, out of imagination, sheer fictional suggestion, that the government is trying to help the banks. In this situation the government is trying to help to provide employment.

Mr. Hellyer: Mr. Chairman, I did not expect much business acumen from the minister but surely he knows that any private business will spend its own money on advertising if it can engage in a venture which is profitable for it, and the mere fact that the government has to subsidize the banks is an indication that what they have been asked to do by the government would not otherwise be attractive to them.

If the minister is correct in his contention that it is legitimate for the government to advertise the particular services that are available, he can extend this principle to any field whatsoever. Surely if the government merely wishes to provide employment and is interested in doing so, it can subsidize any business. It can provide back door benefits to any business. That is precisely the objection, that this is a back door subsidy, a back door arrangement, back door

assistance rather than a forward approach so that the people of Canada will know the actual cost of the service they are receiving.

Here we have an instance where the banks will make loans at 6 per cent for home improvements while at the same time, according to the annual report of Central Mortgage and Housing Corporation distributed yesterday, they are not the least interested in making loans at the same interest rate for new housing. Why not? There must be some reason that the one is attractive to them while the other is not.

Surely one of the reasons is the fact that the minister has lifted from them the burden of servicing part of this particular business venture by reason of his assistance through the provision of free advertising. Perhaps the minister would be good enough to indicate the amount of free advertising he has provided on the basis of the different mass media listed in the details and also tell the committee whether any of this money was spent on advertising in the foreign language press of Canada.

Mr. Fleming (Eglinton): The break down of the total amount of $332,000 is as follows:

(a) Advertising in daily, weekly and farm newspapers	$102,200
(b) Advertising in trade, ethnic and national magazines	48,000
(c) Spot announcements, etc., through radio and television	80,200
(d) Public relations, production charges and reserve for rate increases	21,600
(e) Posters, pamphlets, payroll stuffers and billboard paper	68,700
(f) Advertising mats, postal cancellation dies and post office householder mail	4,500
(g) Films and slides for television and theatres, article reprints and exhibits	6,200
(h) Public service radio discs	600
	$332,000

Mr. Fisher: Mr. Chairman, it seems to me that the minister has been rather unfair to the hon. member for Trinity. After all, the minister seems to be hiding behind the unemployed in denying the principle that has been put forward by the hon. member for Trinity. We welcome so much these statements of principle from the Liberal party, this declaration of faith in free enterprise and the need to keep it pure from any government support and subsidization. After this clear statement the minister gets up and suggests that these factors really do not count, that we are involved in the matter of assisting the unemployed.

I know the hon. member for Trinity is not going to let his principle of the purity of free enterprise be clouded by that kind of issue. After all, if the hon. member for Trinity has a principle I am sure he wants to stick to it. Maybe this advertising will help the unemployed and may create jobs, but if you have a principle you are going to stick to it. At least, I feel that seems to be the line of the hon. member for Trinity.

Mr. Hellyer: Your principle is pure nonsense.

Mr. Fisher: It seems to me that one could almost turn it the other way round and say that perhaps the situation is that private enterprise in the form of the banks is subsidizing the government, which would give you a real question of principle. It seems to me that perhaps we should ask the hon. member for Trinity for a further explanation of this principle he has enunciated for the Liberal party today, this principle of no mixture at all of private and public enterprise.

It seems to me the minister has been quite cruel in suggesting that the unemployed really deserve consideration ahead of this great principle of the Liberal party. Mind you, we welcome very much knowing where the Liberal party stands on questions of principle such as this one involving no truck or trade by the government with private enterprise so far as any subsidies are concerned. It seems to me that this will lead to quite a number of denials on the part of the Liberal party, including a denial of the mixed economy about which we have heard the Leader of the Opposition talk.

It is also going to raise a question about the role of Central Mortgage and Housing Corporation and even about such firms as Eldorado, a government corporation that seems to be in the news these days, with respect to its dealings with private enterprise. As a matter of fact, there are some well known private enterprises that once had something to do with the hon. member's party. I do not wish to say more except that it has been delightful to have had this little talk about principle. Now we know where the Minister of Finance stands. Now we know where the Liberal party stands as outlined by the hon. member for Trinity.

Mr. Hellyer: Mr. Chairman, the twisted and tortuous words we have just heard from the hon. member for Port Arthur are such unadulterated political garbage they do not deserve to be even mentioned let alone recorded. The hon. member has such a facility for getting in the ditch at the first intersection that he may not have recognized there is another principle involved here. I refer to the fact that the government may be using this advertising campaign to line the pockets of its friends, and using the opportunity so presented for political patronage.

I have examined one or two of the advertisements and they can be construed equally as political propaganda as they can be in giving encouragement to the particular service they are trying to sell. I hope the government will be extremely careful in the spending of public funds not to incur commitments, the main purpose or the only purpose of which, is merely to try to win friends and influence people, especially since the government is preparing to ask for another judgment of the Canadian people.

(Translation):

Mr. Valade: Mr. Chairman, I did not propose to take part in this discussion because I know that we will have an opportunity of coming back to it when the estimates of the labour department are voted.

However, I do want to refute the entirely uncalled for remarks of the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) to the effect that the methods used by the Conservative government in order to stimulate employment in this country have completely failed. I think he is entirely wrong. He should rather have mentioned that the policy of the provincial Liberal party was a complete failure because it did not avail itself of the facilities put at its disposal by the Conservative government in order to create employment. Contrary to the failure which my friend alluded to a few moments ago, 15,000 more jobs were created in the city of Montreal this year, thanks to the policy of the Conservative government—

(Text):

The Deputy Chairman: Order. The Chair has been quite lenient in this debate. After all, we are discussing the question of advertising in connection with seasonal unemployment. We are not discussing the whole question of unemployment in the various parts of Canada.

Mr. Valade: I was just saying, Mr. Chairman, that as a result of the advertising that was undertaken in Montreal 15,000 more employment opportunities have been created.

Mr. Carter: Mr. Chairman, I just want to set the record straight with relation to what was said by the hon. member for Port Arthur a few minutes ago. The hon. member for Port Arthur seems to have gotten his principles mixed, if he has any principles at all. The whole principle at stake, and the whole point the hon. member for Trinity was trying to make, was that we should be straightforward and honest in what we do. We should not use subterfuge to obtain an objective indirectly which, for political reasons, we prefer not to attack directly. This is the principle at stake, and I commend it to the hon. member for Port Arthur and to his party.

Mr. Benidickson: This item is couched in rather general language, and we find a number of subjects apparently are involved. The purpose of the item is said to be to combat "seasonal unemployment", the organization and use of "workers for farming" and related industries and "assistance to the provinces". It seems to me that this is the appropriate time to ask the Minister of Finance who, after all, has to be consulted with respect to all new programs, before they develop, with regard to including under unemployment insurance those seasonal workers who have been employed on farms. I do not need to remind him that for the last couple of years farm organizations have made representations along this line.

The Deputy Chairman: Order; I think perhaps the hon. member is straying away from the subject matter of this vote. I believe this vote is for the promotion of these particular things and we should not discuss whether or not they should be done.

Mr. Benidickson: I draw to the attention of the committee the fact that there is a reference in the wording in this vote to a promotional program to "assist the provinces" and for the "organization and use of workers for farming". I point out to the committee that at least the Manitoba minister of agriculture, Mr. Hutton, has indicated as late as this month that his government favours the extension of unemployment insurance to farm workers. I was wondering what the development was along this line.

Mr. Fleming (Eglinton): Mr. Chairman, that has nothing whatever to do with this item. This item is related to a publicity and promotional campaign. It has nothing whatever to do with the question of amending the Unemployment Insurance Act. At a later point in the session the government's bill dealing with this matter, as announced in the speech from the throne, will be submitted to the house.

Mr. Benidickson: Now we have the truth. This item has no relationship to anything except a "publicity and promotion campaign". Despite this other very fine language in the vote about the special services branch dealing with promotion programs for "combating seasonal unemployment", for "assisting workers on farms", who we know are on a seasonal basis, and for the "assistance of provinces" in connection with agreements, the Minister of Finance said this item, in essence, is simply a publicity item.

Item agreed to.

698. To carry out the purposes of the Technical and Vocational Training Assistance Act (superseding the Vocational Training Co-ordination Act) —payments to the provinces—further amount required, $450,000.

Mr. Pitman: This particular item seems to relate closely to an important piece of legislation which was put through this house at the last session. The amount of the appropriation outlined here seems to be small. I wonder if the Minister of Finance could indicate what provinces have been assisted by this program. Perhaps he could even tell us how many areas within a province have been assisted, and possibly how many men are being trained.

I ask these questions because $450,000 is such a minute sum in terms of technical education, which is a very expensive type of education when one considers the facilities and machinery required. I should like to have a detailed account of exactly how this money is being spent in this very important area of the Department of Labour.

Mr. Fleming (Eglinton): If the hon. gentleman will look at the main estimates and the previous supplementary estimates, he will see that parliament has already provided about $9 million for this purpose. This additional supplementary estimate is required to provide for the expenses arising out of the agreement which was recently completed with the province of Quebec for sharing the costs of training unemployed workers under schedule M of the special vocational training projects agreements.

Mr. Carter: Could the minister tell the committee on what basis these agreements are being worked out? Is it the same basis for each province or is each province treated separately?

Mr. Fleming (Eglinton): The basis is uniform. It used to be a 50-50 basis, but the federal share has now been increased to 75 per cent.

Mr. Hellyer: It is interesting to see the liberally minded C.C.F.'er from Peterborough getting on the bandwagon in respect of this program which was espoused by the Liberal party and which is, at long last, being acted upon with halting steps by the present administration. I wonder if the minister could tell us what part of this total allocation for the year has gone to the province of Ontario?

Mr. Fleming (Eglinton): So far as the estimate under schedule M is concerned, the estimated federal cost in respect of the province of Ontario is $100,000.

Item agreed to.

Unemployment insurance commission—

699. Administration of the Unemployment Insurance Act—further amount required, $1,850,000.

Mr. Deschatelets: I wonder whether the Minister of Finance can supply me with the following information. I should like to know how many prosecutions have been launched against individuals in the past 12 months for having illegally collected unemployment insurance benefits? Has the minister these figures?

Mr. Fleming (Eglinton): Mr. Chairman, I have not the figures on the prosecutions but I shall be glad to furnish that information to the hon. member.

Mr. Chevrier: If one looks at the details, one notes that the amounts seem to be rather substantial. I wonder whether the minister could give a breakdown of them. For instance, there is an amount of $1,500,000 for salaries and wages. Can the minister give the reason for that amount? Then there is an amount of $240,000 for postage. Will the minister explain that amount?

Mr. Fleming (Eglinton): The amount of $1,500,000 is required to pay 44 new enforcement officers and 963 man-years of additional casual employees. The estimated cost for this fiscal year is $2,175,000 but only $1,500,000 is required as the balance has been made available out of the former appropriation, because of unfilled positions in the regular staff which were higher in number than expected.

Mr. Chevrier: Are these casual employees in the various offices across Canada?

Mr. Fleming (Eglinton): Yes.

Mr. Chevrier: What is the explanation for the amount of the postage item?

Mr. Fleming (Eglinton): It relates to the claims load which was higher than expected.

Mr. Hellyer: On March 9 the hon. member for York-Sunbury, in a question of which he had given notice, asked the Minister of Labour what would be done to tighten up the regulations which were presently allowing thousands of men and women in Canada to draw unemployment insurance benefits when there were job opportunities available for them in their own industries. In his reply the Minister of Labour did not deny that there were thousands of jobs available in the industries to which these people ordinarily would be attached, and he went on to say that the regulations were being tightened up and for that reason certain additional expenditures had been undertaken. I assume they are covered by the moneys that we are presently being asked to vote. I wonder

whether the minister would be good enough to indicate precisely where the thousands of jobs are and how many there are in each industry and in each province, so that we shall know exactly what it was that the hon. member for York-Sunbury and the Minister of Labour were talking about.

Mr. Fleming (Eglinton): I have not before me the details of that question and answer to which the hon. member refers. If information is required in detail, I am sure the unemployment insurance commission can supply the list it has of the vacancies for persons who are qualified. I presume it becomes a question of qualification for the particular vacancies that exist.

Mr. Hellyer: In view of this rather serious allegation that reflects on the principles of thousands of unemployed persons in this country, I wonder whether the Minister of Finance would be good enough to undertake to get this information from the unemployment insurance commission and to make it available to the committee later on during this debate. These were serious charges that were made in saying that there are thousands of people drawing unemployment insurance benefits who could be working if they wanted to work. I think that we should have some further words from the minister on this matter before we start to vote money in order to prosecute people holus-bolus, when the minister has not more information to give us in this regard.

Mr. Fleming (Eglinton): The hon. member has overlooked the fact that this item does not relate to the sums paid by way of insurance benefits. This item relates to the further amount required to provide for the costs of the administration of the commission.

In so far as the information he seeks is concerned, may I say that any information of that kind can be made available, I presume, by the unemployment insurance commission. But with respect, Mr. Chairman, may I say that I do not think it relates to the subject now before us. This matter of enforcement has now been reported to the committee. I have given the committee the figures to indicate how the amount is broken down, and to indicate the amount required to complete the enforcement to March 31, of this present fiscal year three days hence. We are not here dealing with the 1961-62 estimates nor are we dealing here with the bill to amend the Unemployment Insurance Act. That bill will come to the house at a later stage of this session.

Mr. Martin (Timmins): Am I to understand from the minister that this increased cost is owing to increased administration costs brought about through this tightening up process that was referred to?

Mr. Fleming (Eglinton): Yes. I pointed out how the largest element in the item, namely $1,500,000 for salaries, is made up. It is to provide for the services of 44 new enforcement officers and then the casual assistance required by the commission in its various offices for all purposes.

Mr. Benidickson: We have here an item for an additional amount required for administration of the Unemployment Insurance Act. I have not in front of me at the moment the Unemployment Insurance Act. The minister, with the details in front of him, is probably better informed at the moment than am I. But am I not right in thinking that having regard to the terms of the Unemployment Insurance Act, the administration will include not only services with respect to persons unemployed and drawing unemployment insurance benefits but under this act will have responsibility under other sections which provide for employment services?

Having regard to recent discussions concerning Mr. Exelby, am I to understand that henceforth if members of parliament want to place on the order paper questions that do not relate especially to anonymous questions relating to statistics, they could, with respect to services rendered by the employment services under this act, ask the ministry as to what specific opportunities had been offered, for example, to Mr. A., Mr. B. or Mr. C? Has the government given consideration to this matter? Is that likely to develop from the exposé by the Minister of Labour with respect to services rendered by the employment services section under the Unemployment Insurance Act administration in relation to one person?

Mr. Fleming (Eglinton): I have not given consideration to that question, Mr. Chairman. I presume that is a question on which it would not be proper for me to comment in advance.

The Deputy Chairman: Order. It being five o'clock, it is my duty to leave the chair—

Mr. Fleming (Eglinton): Mr. Chairman, can we carry this item and complete this department?

Mr. Hellyer: I think the item had better stand, Mr. Chairman. The minister may have a change of heart and wish to provide us with some of the details for which we have asked.

The Deputy Chairman: Order. It being five o'clock, it is my duty to leave the chair in order to permit the house to proceed to the

consideration of private and public bills, pursuant to section 3 of standing order 15.

PRIVATE BILLS

Mr. Speaker: As there are two private bills standing on the order paper for consideration in committee of the whole does the house wish, in accordance with section 1 of standing order 54, that they be referred to the committee of the whole in one motion?

Some hon. Members: Agreed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. S-10, to incorporate Canadian Pioneer Insurance Company.—Mr. Cardin.

Bill No. S-14, respecting Canadian General Insurance Company.—Mr. Ricard.

DIVORCE BILLS

On the order:

Second reading of Bills Nos. SD-1 to SD-179 inclusive—Mr. McCleave.

Mr. Mandziuk: May these stand?

Mr. Speaker: It is requested by the hon. member for Marquette, on behalf of the hon. member in whose name these bills appear on the order paper, that they should stand. Is it the pleasure of the house that they stand?

Some hon. Members: Agreed.

AURORA PIPE LINE COMPANY

The house resumed from Tuesday, March 14, consideration in committee of Bill No. S-2, to incorporate Aurora Pipe Line Company—Mr. Woolliams—Mr. Rea in the chair.

On clause 1—*Incorporation.*

Mr. Argue: Where is the mover?

Mr. Martin (Timmins): In the absence of the mover, and, indeed, of the supporters of this bill I should like to move that we rise, report progress and ask leave to sit again.

The Deputy Chairman: Would the hon. member give me a motion in writing to that effect? It has been moved by the hon. member for Timmins:

That the committee rise, report progress and ask leave to sit again at the next sitting of the house.

Motion (Mr. Martin, Timmins), negatived: Yeas, 5; nays, 41.

Mr. Martin (Timmins): I could not help wondering, in the absence of the mover of this bill, whether, possibly, he might not have listened to the hon. member for Vancouver South and reached the conclusion that the bill was not as good as he might have thought it was in the first place.

Mr. Chown: If I may intervene on a point of order, I think the hon. member for Timmins spoke on making his motion, and now he is speaking again. Under the rules there should be an intervening speaker before the hon. member rises again.

Mr. Howard: On that point of order—

The Deputy Chairman: The hon. member for Timmins.

Mr. Martin (Timmins): It is true I did have a few minutes to discuss this particular bill which appears to be sponsored in this house by the Social Credit wing of the Conservative party, the hon. members for Bow River, Acadia, and Jasper-Edson and others. As I pointed out the other day, I do not know just why they should be doing this. They seem to be contravening the policy of their party and the policy of their leader. Certainly, they are flying in the face of the remarks which have been made by the hon. member for Vancouver South.

However, during the period when this bill has been debated, they have sought to create the impression in this house that everyone in Alberta is behind this bill, that support for it is unanimous, and that the measure is being held up by a bunch of irresponsible people. That is very far from being the truth, and I should like to point out something which will completely refute this effort to try to fool the house in this regard. I have here a copy of the Calgary *Herald* dated Thursday, January 19, which contains some very pertinent comments relating to this debate. I should like to quote briefly from these remarks. The newspaper states:

Mr. Harold Winch, C.C.F., M.P., quite rightly raised the question of national interest in the matter of a company seeking incorporation of a pipe-line operation when the subject came before the House of Commons Tuesday.

The points which he raised are certainly points significant in the over-all question of Canadian participation in development of its own resources. Surely there is no better place than the house to air the matter.

This is exactly what the members of this party have been trying to do in this regard assisted to a great extent, I hasten to add, by the hon. member for Vancouver South, who seems to be under no illusion whatsoever with regard to this bill. The article goes on to say:

Mr. Winch performed a service by pointing out that the bill would incorporate Aurora Pipeline Company, owned by Hudson Bay Gas and Oil Company of Calgary, which is in turn owned 68 per cent by the Continental Oil Company Limited, a United States corporation.

Mr. Winch pointed out that a Canadian company, Foothills Pipeline Company Limited, a subsidiary of Canadian-owned Pembina Pipeline Limited, is also seeking permission to export the by-products, although not by the same route or with the same objectives as Aurora.

The article continues:

"Serious consideration" should be given to whether the Aurora incorporation would benefit Alberta, he declared. And, certainly, that should be a consideration of the House of Commons.

This is something that we in this group have pointed out on more than one occasion. We have always been held up to scorn in doing so by the social credit wing of the Conservative party. They have attempted to lead us to believe that the bill is very definitely in the interest of, and has the support of the whole of the province of Alberta.

This article continues as follows:

The opportunity for Canadian participation and a considerable measure of control by a Canadian company is provided for in the Foothills proposal. It is a consideration to which these bodies must give the greatest weight.

The hon. member for Vancouver South pointed out very clearly that this bill in its present form is a complete negation of the policy that has been expounded by the Prime Minister and the Conservative party, and that it is something to which parliament should certainly give more consideration. We have been told not to bother in this regard. It has been suggested that after all there are fuel boards, both national and provincial, which will look after these details. The article appearing in the Calgary *Herald* has reference in this regard. It reads as follows:

The boards have the facilities and the personnel able to assess the technical aspects of all proposals. But a strictly technical view is not enough in itself. The Canadian view must also be taken and, for putting it forth in the house, Mr. Winch should be thanked. His fellow members would do well to have that view in mind.

One of the important objections to this bill is the fact that this Canadian view regarding the development of Canadian resources is completely forgotten.

Oil and gas represent a most valuable and important resource which this country possesses. The rank and file of Canadians across this country, who are the consumers of these resources, have been gouged very severely as a result of the sell-out of these resources to particular interests in this field of production. We saw an example of this in the pipe line debate of 1956. Fortunes were made by a few individuals at that time, of course, the consumers, of this and future generations, must bear the cost of providing these fortunes. An unnecessary amount of money has been written into the cost of selling these products for the benefit of a few privileged individuals, and this is the type of thing we in this country can well do without, in respect of our natural resources. In order to avoid further sell-outs of this type, which result in the loss of thousands of dollars, we should be more careful in the future than we have been in the past.

Those hon. members on the government side of this chamber, who apparently are in favour of this bill, should heed the words of one of the ministers of the crown, and I refer to the present Minister of Agriculture, who was the former minister of northern affairs and national resources. What he has said in the past in regard to our natural resources I think is very appropriate at this time during the discussion of this bill.

I would like to refer to some of his remarks which can be found at page 3323 of *Hansard* of August 9, 1958, in a speech which I made at that time. He is quoted there as follows:

To be very blunt about it, if you go back to the experience of the second world war you will find that the American government was very much concerned about the rapid depletion of their strategic resources and there was set up a presidential committee in that country to examine into this matter. This committee reported in 1952 and their report is known as the Paley report. The Paley report says in plain English that the resources of the United States of America are not unlimited and that, at the present time, they are in a deficit position so far as total resources are concerned to maintain their industrial economy. Naturally they have to seek out reserves both of energy and mineral resources in every land.

We have seen examples of their seeking out of these resources, unfortunately to our sorrow, on more than one occasion.

The minister had more to say in this regard which is becoming more pertinent as time goes on. He is reported on the same page as follows:

—we are the nation on the northern half of this continent and we want to make certain that the interests, not only of the present generation, are protected, but that the interests of generations unborn will also be preserved.

I think those remarks are exactly in line with what hon. members of this group have said in regard to this measure and other similar measures.

At the same page the minister is quoted further as follows:

We in Canada, whether because an act of grace, or because of our geographical location, or simply as a result of inertia, have not had our resources depleted so widely as the American resources have been depleted, without plan.

That again is something completely in line with the stand we are taking. Here we have a minister of the crown agreeing completely with this group in this regard but still we have this bill being promoted at this time by certain member of the government side of this chamber.

From the same source I repeat the following quotation:

We may have, either by the grace of God, or by our own inertia, been saved from having misused our resources.

I cannot help but wonder at the thinking and inconsistency of hon. members on the government side when some of them, as the minister, recognize this problem, while others insist on blindly promoting and executing the things condemned in the words of the minister.

Beginning on the same page and carrying over to the next, the minister is further quoted as follows:

It is simply that we have a determination to avoid these mistakes, if possible, in our country in relation to the future development and efficient use of those resources.

Does this bill represent an example of that determination to avoid these mistakes in the future? Is this the way the government intends to avoid making these mistakes, which the hon. minister recognized as having been made before, the depletion, waste and squandering of the resources in the country to the south? I suggest by the passage of this bill we will be encouraging those individuals to come in and do the same in this country, regarding our natural resources, as they have done in regard to their own.

The Minister of Agriculture, the then minister of northern affairs and national resources, had more to say regarding this subject. He is quoted at page 3324 of *Hansard* of August 9, 1958 as follows:

Because we have great reserves of minerals of all kinds, Canada is a great centre of interest in an economico-political way. For that reason, some consideration and logic had to come in respect of exploitation of these resources.

I would like to heartily endorse the words of the minister in this respect and suggest that it is about time we had some logic regarding these resources. I fail to see the existence of logic in the bill that is presently before us.

Later on the same day, the minister is quoted as saying:

—there is no use in doing all this work if there is not some thought given to a long range conservation concept of the most efficient use of those resources.

The hon. member for Timiskaming has pointed out the need for developing secondary industries and using those resources to build our own country into something other than a country producing primary products. If we are to avoid becoming hewers of wood and drawers of water, something to which the Prime Minister and the members of his cabinet have referred from coast to coast in this country, then certainly we cannot endorse bills of this kind.

Finally, the minister went on to say:

I want to make it clear that unless we formulate a plan for the use of our resources we may lose the long range strategic necessity of having control of those resources in our hands,—

How true, Mr. Chairman. I continue:

—either for world use, or for people over the world, or most effective use in the North American economic picture.

Well, maybe this particular bill would fit in the North American economic picture but certainly it will not fit into the Canadian picture. If hon. members on the government side cannot agree with the C.C.F. that in a matter of this kind we should consider the benefit to Canadians as a whole, then surely they should listen to their own minister and his plea to try to avoid the mistakes of the past. If they cannot agree with the so-called policy of the Prime Minister and of the members of the Tory party, how do they expect the people are going to believe the Prime Minister at all if he rises in his place and expounds one view and then members of his party advocate a bill that is exactly the opposite to what he expounds?

Mr. Horner (Acadia): The hon. member does not know what he is talking about.

Mr. Martin (Timmins): I wish the hon. member who made that interjection would rise in his place and tell us what he is talking about.

Mr. Horner (Acadia): On that very point, I am talking about the fact that this company wishes to export a product which is gasoline. The company said that 90 per cent of the product they wished to export is gasoline. This is a product that we have a surplus of in western Canada. How we can develop further industry out of gasoline is beyond my comprehension. If the hon. member looked at it in that light he would probably agree with me. If the hon. member says it is not gasoline, why did not the hon. member of his party in the committee question the statement of the representative of the Hudson's Bay Gas and Oil Company who said in the committee that it was gasoline?

Mr. Martin (Timmins): We seem to be learning more about this bill all the time. During the discussion of this bill we have had a difficult time eliciting any information at all. First of all, no record was kept of the committee meetings in the other place—

Mr. Horner (Acadia): This information is on the records of the committee. Read the record.

Mr. Howard: On a point of order, may I draw to your attention, Mr. Chairman, the fact that there is one vocal member on the other side who has not the courtesy to rise before he speaks. I wonder whether you would draw the rule to his attention.

Mr. Horner (Acadia): The hon. member who had the floor asked me to give him the information and I did so.

Mr. Martin (Timmins): That is not exactly in accordance with the fact. I heard an interjection from somewhere across the floor and I did not realize at the time it came from the hon. member. However, we do not mind these interruptions, Mr. Chairman.

Mr. Fane: It uses up more time, and that suits you.

Mr. Martin (Timmins): However, Mr. Chairman, if, as I said, the Social Credit members—they are not really Social Credit members, but the hon. members who are taking the Social Credit stand on this particular bill—will not listen to the Minister of Agriculture, and if they will not agree with the stand of their Prime Minister and their allegedly official party policy, then, surely, as a last resort they will listen to the hon. member for Vancouver South and will apply to this bill the principle that was recommended by him.

If they are to insist that the resources of this country must be developed by the quick buck artist method which is, of course, another name for the racket that is called free enterprise development of our resources, then, in heaven's name, if this is the way we have to go along in the development of our resources, as the hon. member for Vancouver South suggested, let it be a Canadian racket and not a United States racket. Even that, Mr. Chairman, is preferable to the bill in its present form.

Mr. Speakman: Mr. Chairman, I do not want to delay the passage of this bill very much, but I should like to ask a couple of questions which rather puzzle me. We have listened to the group in the corner to your immediate left for several long sittings talking about this bill. These are the champions of the unemployed; these are the champions of labour. The purpose of this bill is to build 41 miles of pipe line, to provide employment for unemployed Canadians, to sell a by-product, not a product, already developed, and these champions of the workers in Canada are denying to Canadians employment which would become effective almost immediately on the passage of this bill and final approval.

Mr. Martin (Timmins): Since the hon. member saw fit to intervene at this time, would he give the committee any assurance that if this bill passes and if the pipe line is undertaken it will give employment to Canadians and not to people of the United States, as was the case in nearly all the previous pipe lines built across the country?

[Mr. Howard.]

Mr. Chown: All of the information the hon. member has asked for is on the record. A letter was read into the record by the hon. member for Bow River, the sponsor of this bill. The letter was from the financial vice president of the company, assuring this house that if this pipe line should be authorized by the national energy board, and by the conservation board of Alberta, Canadian labour, and nothing but Canadian labour would be employed in the construction of the pipe line.

Very briefly, and without taking too much of the time of the committee, I want to put on the record the composition of the employees of this company. There are 371 Canadians employed, or a total of 90 per cent of the over-all—

Mr. Peters: Employed by which company?

Mr. Chown: This is the Hudson's Bay Oil and Gas Company Limited. As I said, 371 Canadians are employed, or 90 per cent of the total number of employees. There are 21 from the United States, or 5.1 per cent; 14 British, or 3.4 per cent; 3 Australians, or .7 per cent; 2 Hungarians, or .5 per cent; and one Indian, from India, representing .2 per cent.

Now, as to Canadian participation, or the opportunity for Canadians to participate on a broader scale in this company, I have a letter dated March 17, 1961, from K. H. Burgis, financial vice president of the Hudson's Bay Oil and Gas Company Limited, which is addressed to Mr. Eldon C. Woolliams, M.P., House of Commons, Ottawa, Ontario, and reads as follows:

Dear Mr. Woolliams:

With respect to the question raised by Mr. Broome in the debate on March 14 last regarding possible plans to increase the percentage of Canadian participation in the ownership of Hudson's Bay Oil and Gas Company Limited, I would advise that the management of the company anticipate a continuing growth in Canadian participation. At the present moment the company does not have any need for additional equity capital to finance its operations and accordingly, cannot make any definite prediction as to the timing or possibility of a further issue of treasury shares which could be offered to the Canadian public. However, we believe the past actions of the company in making a distribution of a portion of its capital stock back in 1957 before there was any strong public clamour for such action is the best possible kind of indication of the company's attitude and thinking on this subject.

The shares of the company were listed on the Toronto stock exchange in 1957 and since that time have been actively traded and have been readily available for purchase by any Canadian who wished to invest in the company. In fact, since 1957 there has been a steady growth in the number of Canadian shareholders and a proportionately greater growth in the number of shares owned by Canadians.

I might also add that the company has issued and sold to Canadian investors three debt issues which in total amounted to $28,600,000.

If any final evidence of the good faith of this company is needed I do not know what we can offer. Everything that has been controversial about the bill or has been questioned has been dealt with by the hon. member for Bow River and others. Hence I can see no reason for delaying the passage of the bill any more than I could see any reason for delay in the passage of the Northern Pipe Line Company bill or the Matador Pipe Line Company bill, which I happened to sponsor, which was wholly American owned and went through the house with no resistance whatever.

My suggestion and challenge to those who oppose the bill now before us is to put it to a vote and let their position be well and truly known from one end of the country to the other. I will be one of those who will go out and defend the government; defend my sponsorship of the bill, together with the hon. member for Bow River, in any part of the country.

Mr. Howard: Mr. Chairman, I should like to say a word or two with respect to what the hon. member for Winnipeg South has just said. He said that he would be one who would be prepared to go out and defend the government on this measure.

An hon. Member: He corrected that.

Mr. Howard: Let me finish. Don't be impatient. Those are the words he used and then he corrected himself by saying that he would be prepared to defend his position on the bill. I submit it is this type of slip of the tongue that really tells the true story, and while the hon. member did correct himself I submit there was more truth in his initial statement about defending the government with regard to this measure than in his corrected statement about his own position and the position of the sponsor of the bill.

Be that as it may, there were also some interesting comments by the hon. member for Wetaskiwin which I think should be explored further. I understood him to say, and if I misunderstood I am sure he will correct me immediately, that under the bill the company proposes to build a 41-mile pipe line. There is no contrary indication by the hon. member so I assume that I understood him correctly. Yet we know full well that this is not the purpose of the bill. Its purpose is to establish a company to build half a mile of pipe line, not 41 miles. There are some other miles of pipe line involved in the same way that there are other miles of pipe line connected with the Hudson's Bay Company in other parts of Alberta and in the same way as there are other miles of pipe line in the case of Continental Oil in the United States.

But the purpose of the bill is not to build 41 miles of pipe line. It is to build half a mile of pipe line and this was made very clear by the sponsor of the bill himself on the occasion when there was some doubt as to exactly what the hon. member for Vancouver South was getting at when he said that the contract had already been let.

The hon. member for Wetaskiwin also dragged out the question of providing employment. We know that the Minister of Justice did the same thing last session when he tried to connect employment with the Combines Investigation Act but the Speaker hauled up short at that time and pointed out that the legislation had nothing to do with employment.

While some employment may develop from the passage of the bill now before us, to attempt to make out that this is part of the policy of the government to provide employment is to stretch things quite a bit, especially when the hon. member for Wetaskiwin said so emphatically that employment would start immediately. That is just not so.

Mr. Speakman: On a point of order, Mr. Chairman, I said "immediately approval had been given".

Mr. Regier: Employment in the stock exchange.

Mr. Howard: Employment may start in the stock exchange. Perhaps it is taking place there at the moment. The statement that employment will start immediately upon approval leads to the question, approval by whom? Approval by the house? This sort of implication means that the Senate need not have anything to do with this matter nor does the governor general need to give royal assent to the bill. It also assumes that this company which is seeking incorporation already has the approval of the Alberta oil and gas conservation board as well as the approval of the national energy board because apparently they have to go to these agencies in order to place themselves in a position finally to start construction.

If the hon. member for Wetaskiwin meant that work on the pipe line could start immediately after approval by these other public bodies had been obtained, that is a different question, but I did not understand him to say that even in his later clarifying statement. It may also be true that some measure of employment will be provided in the construction of half a mile of pipe line—

Mr. Speakman: Forty-one miles.

Mr. Howard: —under the bill which seeks to establish a company to build half a mile of pipe line.

Mr. Speakman: Forty one miles.

Mr. Howard: Half a mile of pipe line is all it is going to build. I do not care how many interjections are made by the hon. member for Wetaskiwin or how much he wants to dress up this project as a major summer works program of the government in office. We have been told many times that the company is going to build half a mile of pipe line. There is no question of 41 miles being built under this bill at all. I have just been handed *Hansard* for March 6, 1961, and I should like to refer to some comments of the hon. member for Bow River, the absent sponsor of the bill. As found on page 2705 the hon. member used these words:

> ... to build the half mile of line joining the Canadian line across the boundary with the United States line.

It is half a mile of line, and that is what we were told would be built. Half a dozen men with picks and shovels would almost be able to build half a mile of pipe line overnight, so any attempt to promote this project as a major contributing factor in providing employment merely for the purpose of bailing out the government because it has not been able to provide employment is just a lot of nonsense.

Mr. Horner (Acadia): Would the hon. member permit a question?

Mr. Howard: Not right at the moment. I have extensive notes here. Perhaps the hon. member might ask it at the conclusion of my remarks.

Mr. Smith (Simcoe North): Are you going to read *Hansard*?

Mr. Howard: No, I have some other books to read which have been suggested by one of your legal friends, the hon. member for Bow River. I am glad you asked that question because perhaps I might make some other references to *Hansard* before I proceed.

Mr. Smith (Simcoe North): It will fill up space.

Mr. Howard: At least I will not be sitting in my seat all the time and I will not be drawing on the lord lion of Scotland to help me. I am quoting now from the remarks of the hon. member for Vancouver South in which he was quoting the hon. member for Bow River. The hon. member for Bow River was dealing with subsection (d) of section 44 of the National Energy Board Act and this is what he had to say:

> —the board must have regard to the question of financial responsibility. That will be considered.

It would almost seem as if the hon. member for Bow River was in fact the national energy board.

> It must have regard to the financial structure of the applicant. That will be considered.

Again it would seem that the member for Bow River was in fact the national energy board. I continue:

> It must have regard to the methods of financing the line. That will be considered.

Those are rather definite statements.

> It must have regard to the extent to which Canadians will have an opportunity of participating in the financing, engineering and construction of the line. That will be considered.

Then on March 13, 1961, the hon. member for Vancouver South went on to talk about the use of the words "may" and "shall". The hon. member for Bow River interrupted at that point and said, as reported on page 2924 of *Hansard*:

> Will the hon. member permit a question?
>
> Mr. Broome: Yes.
>
> Mr. Woolliams: I wonder whether the hon. member has read Maxwell on the interpretation of statutes wherein it is stated that "may" may be interpreted as "shall", and vice versa. If he has done so, I should like to hear from him.

The hon. member for Vancouver South gave what I thought was a delightful answer in layman's language. I undertook to consult a member of the legal profession concerning the use of the words "may" and "shall", to ascertain if they could be used alternatively under certain circumstances. I undertook to inquire into just what Maxwell himself may have thought about the use of these particular words because they do seem to have some bearing on what action the national energy board will take with respect to this company.

I have a book entitled "Maxwell on Interpretation of Statutes", the ninth edition by Sir Gilbert Jackson. I do not know whether or not this is the latest edition, but there is a preface in the book by Mr. Jackson which is dated January, 1946. In any event, this is the edition I received from the parliamentary library which I assume is up to date on these matters. At page 246 of this book, with respect to the words "may" and "must", I find this:

> Statutes which authorize persons to do acts for the benefit of others, or, as it is sometimes said, for the public good or the advancement of justice, have often given rise to controversy when conferring the authority in terms simply enabling and not mandatory. In enacting that they "may" or "shall, if they think fit" or, "shall have power" or that "it shall be lawful" for them to do such acts, a statute appears to use the language of mere permission, but it has been so often decided as to have become an axiom that in such cases such expressions may have—to say the least—a compulsory force—

I would take it from this that in some cases "may" is a word which could be used, as Maxwell puts it, with compulsory force. In fact, this word may be mandatory in its relationship to a body upon which certain power or authority is conferred.

Section 44 of the National Energy Board Act, to which reference has been made on a number of occasions, uses the word "may". The national energy board may do this or that. The hon. member for Bow River interpreted the word "may" to mean "shall", that it was mandatory on the national energy board and Maxwell pretty well substantiates the hon. member's interpretation. It is mandatory, therefore, for the national energy board to have regard to the financial structure of the applicant, to have regard to the method of financing, to have regard to the extent to which Canadians will have an opportunity of participating in the financing, engineering and construction of the particular line.

These facts raised another point in my mind, just as they did in the mind of the hon. member for Vancouver South. Why in heaven's name do they not use language in these statutes which is easily understood? I am sure that all laymen take the word "may" to be permissive and the word "shall" to be mandatory or contain some compulsion to do something. However, according to the quotation from page 246 of Maxwell on the interpretation of statutes, to which I have just referred, one can use either of the words in the same circumstances and they both contain a certain amount of compulsory force. I believe the hon. member for Bow River, therefore, was quite correct in saying that, although the word "may" is used it means that the national energy board must do these things.

However, I find that both Maxwell and the hon. member for Bow River are quite incorrect. This parliament of Canada has decided otherwise. The parliament of Canada has decided that when you use the word "may" that is precisely what you mean and when you use the word "shall" that is what you mean. Regardless of what the hon. member for Bow River or Maxwell might think about it, this is the decision of this parliament of Canada and I believe that supersedes the interpretation of either Maxwell or the hon. member for Bow River. In the Interpretation Act, chapter 158 of the Revised Statutes of Canada, 1952, section 35, we find the following:

(28) "shall" is to be construed as imperative, and "may" as permissive;

I would take it, therefore, that the argument of the hon. member for Bow River about substituting one word for another was either made to lead us off the track into considering that the national energy board would have certain functions which it did not have or he actually believed, as Maxwell has pointed out, that you can substitute one word for the other. However, the Interpretation Act of this parliament tells us otherwise, and we know full well what the national energy board may do.

I merely wanted to clear up this one point, Mr. Chairman, because I feel it does have a strong bearing upon our decision as to what to do with the particular bill before us. The argument has been advanced that the national energy board has been given certain authority and that it will protect the public welfare, that it will ensure that Canadian interests are given primary consideration. An argument was developed from these facts to the effect that because this parliament enacted legislation to set up the national energy board it was designed to protect the interests of Canada and we should, therefore, give only a cursory examination to the bill before us. We should leave it to the national energy board to protect the interests of Canadians.

The section quoted at some length and on more than one occasion by the hon. member for Bow River as supporting this stand was section 44 of the National Energy Board Act. As I said before, I do not have it with me, but it has been placed on *Hansard* a number of times. The hon. member for Bow River said that it was mandatory upon the national energy board to do certain things and he enumerated them. I think we can see that the argument of the hon. member for Bow River in that regard, even though he drags Maxwell into it, was an incorrect and erroneous one. I think we can see that the national energy board does not in fact have this authority or that it is not forced by the statute itself to inquire into these certain things. It only may do them. It is only permissible that the national energy board do things of this sort.

There is another saving feature, and that is the national energy board may do these things with the consent of the governor in council. To sum up, it is not mandatory that the national energy board inquire into anything and it inquires into matters only with the approval of the governor in council or, in short, the cabinet. These are the provisions of the National Energy Board Act on which the hon. member for Bow River and his other Social Credit friends launched so much of their argument. We find that it has fallen flat because the parliament of Canada, in the Interpretation Act, decided differently a long time ago.

Mr. Peters: We were mislead.

The Chairman: Shall clause 1 carry?

Mr. Regier: No, Mr. Chairman. I have attended most of the debates on this issue and I have noticed the plea that the committee be permitted to have a vote on the bill. We were appealed to on the basis almost of ethics. We were elected to this House of Commons under certain terms of reference. These terms of reference are contained in the rule book. The rule book that governs the procedure of this parliament is the framework within which we operate. I believe that it is up to the members of the opposition, any time they feel sincerely about any issue before the house, not to heed the plea that every idea or bill introduced in the house be allowed to come to the vote but rather that they should continue to operate within the terms of reference that happen to govern at the time of our election to parliament.

I was very much interested in the remark that we have in the government a branch of the Social Credit party. I had heard previously that there is a branch of the Union Nationale party represented in the government of the day. We now have another branch.

However, to get down to the basic issue, may I say that we are dealing here in this bill with the exploitation of Canadian resources. I have always contended that Canadian resources existed for the benefit not only of Canadians primarily but also for that of all mankind. We as Canadians happen to be in the fortunate position or otherwise of being trustees of this heritage of ours. I do not subscribe to the philosophy of "finders, keepers". I am a great believer in the evolution of economic democracy as I am in the evolution of political democracy. I do not believe that we are fulfilling our responsibility if we subscribe to the idea either of "finders, keepers" or that whoever gets there first ought to be given any particular advantage. I do not believe that it is in the best interests of Canada to hand over to selfish interests the exploitation of any major resource of our country.

I welcome and indeed acknowledge the role of the private entrepeneur on the Canadian economic scene. However, I contend that the day is long past when we can have any major private entrepeneur who refuses to accept responsibility for the welfare of the nation as a whole. At this point I must take occasion to disagree with the otherwise very commendable efforts of the hon. member for Vancouver South, when he mentions that the royalties in Saudi Arabia are as much as that we are fulfilling our responsibility if 50 per cent and that they are negotiating to increase these royalties to 75 per cent. I could mention that there are other places in the world with oil resources where the royalties are even in excess of 75 per cent.

Progress reported.

Mr. Speaker: The hour for the consideration of private and public bills having expired, the house will revert to the business that was interrupted at five o'clock.

SUPPLY

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

DEPARTMENT OF LABOUR

Unemployment insurance commission—
699. Administration of the Unemployment Insurance Act—further amount required, $1,850,000.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. McMillan: I wonder if the minister could tell us something about the present condition of the unemployment insurance fund. How much is in it, and how many securities have been sold?

Mr. Fleming (Eglinton): That, with respect, does not arise on this item. We have given that information as to the status of the fund a number of times this session in reply to questions on the order paper. I think I have given answers of that kind about every two weeks during the session. Here we are dealing not with the unemployment insurance fund but simply with an item for administration costs. As I said this afternoon, there will be an item before us this session with relation to the fund itself.

Mr. McMillan: I think we should have some information as to whether or not there have been sales of bonds this month and, since there has been some weakness in the bond market, whether or not putting a lot of these bonds on the market has been among the causes of this weakness. In addition we should like to know whether or not the recommendation of the advisory committee that the government should put $133 million into this fund—

The Chairman: Order. I must indicate to the hon. member that in my view these questions are not relevant to the item before the committee.

Mr. Chevrier: I should like to bring to your attention, Mr. Chairman, that we are now discussing the unemployment insurance commission, and in my humble opinion that

commission has to do with the advisory committee, and the advisory committee is responsible for the fund. On numerous occasions in these circumstances it has been our privilege to discuss this question, and simply because the Minister of Finance says this is purely an administrative item should not close the matter. I think we are entitled to argue that this does entitle the hon. member for Welland to ask a few questions. All he had was two or three questions in connection with the fund, and I think that perhaps that would have ended the matter.

Mr. Fleming (Eglinton): The place for the hon. member for Welland to discuss this question would be either on the main estimates for 1961-62 when they are before the committee of supply, or, depending on precisely what his points are, on the bill which will be introduced later to amend the Unemployment Insurance Act.

Mr. Chevrier: What objection could there be to answering the questions—

Mr. Fleming (Eglinton): Because they are not relevent to this item, that is the reason.

Mr. Chevrier: I disagree with the minister. Moreover the minister did not allow me to complete what I was saying. He interrupted me, as he very often does, before my question was asked. I was about to ask the minister what objection there could be on an item such as this dealing with the unemployment insurance commission to answering a few questions on the position of the fund. After all, the fund is related to the commission. If there is a tremendous amount of unemployment the fund will decrease; if not, it will increase. Surely, on an occasion like this the committee is entitled to know the position of the fund, and that is all the hon. member is asking.

Mr. Crestohl: On the point of order, Mr. Chairman, this item asks for a further sum to be made available. The government is asking for an additional $1,850,000. We in this committee are surely entitled to ask: what do you want this money for? Whether the minister can answer or not is another matter, but I respectfully submit we are entitled to ask these questions. We are entitled to know what this amount is intended to cover.

The Chairman: May I indicate to the hon. member that he will find the answer given in the details on page 20.

Mr. Fleming (Eglinton): That is precisely the information I gave to the committee this afternoon when I answered questions regarding the purpose of this additional amount. That information was completely given.

Mr. Chevrier: I submit to you, Mr. Chairman, that that is not an answer to the question. To say we will find the answers in the details is humbug, because the details with respect to every one of these two items are simply a repetition of the details to be found in the supplementary estimates we are dealing with now. Just why it is not possible for the minister to answer two or three questions concerning this subject, which is one of vital importance to the people of Canada, I cannot imagine.

Mr. Bell (Carleton): He has answered every question.

Mr. Chevrier: He has not.

Mr. Bell (Carleton): On other matters, no.

Mr. Chevrier: Then why does he not answer these questions?

Mr. Bell (Carleton): Because they are on other items.

Mr. Chevrier: I ask the minister now what is the present position of the fund. I think the committee is entitled to know that on this item.

Mr. Fleming (Eglinton): That information is not relevent to this item but it has been given on a number of occasions this session. The last occasion on which it was given was within the last fortnight or so.

Mr. Crestohl: I was surprised, Mr. Chairman, at your referring me to the details on page 20. Of course, the item of $1,500,000 is shown there as representing salaries and wages. That is a general statement. Surely we are entitled to know to whom these salaries and wages are being paid.

Mr. Fleming (Eglinton): That information was all given this afternoon.

Mr. Crestohl: I do not know whether it was given or not—

Mr. Fleming (Eglinton): Then you should have been here.

Mr. Crestohl: The minister will not sidetrack me in this way. We were told some time during the present session that about 40 additional inspectors were hired to track down those who might have drawn unemployment insurance without being entitled to do so. We want to know whether this item, this additional amount, includes provision for inspectors, investigators or detectives to track down these people. We are entitled to these details.

Mr. Fleming (Eglinton): They were all given this afternoon in their amplitude and if the hon. member was not here at the time that is no reason why that information should

all be repeated now. I went over all these points this afternoon and they are all on record in *Hansard*.

Mr. Chevrier: You did not answer the questions about the fund.

Mr. Hellyer: Has the extra expenditure been due perhaps to a greater level of unemployment than was anticipated, and is that the reason why administrative charges amount to more than was forecast?

Mr. Fleming (Eglinton): I did not hear the first part of the question.

Mr. Hellyer: Mr. Chairman, I will repeat the question for the minister. Is the extra expenditure due to a greater level of unemployment than he had anticipated at the time he set his original estimates?

Mr. Fleming (Eglinton): As I pointed out, very plainly this afternoon, the bulk of this additional item is for salary, and amounts to $1.5 million. I pointed out why that was required both with respect to casual employees and enforcement officers. The figures are all on this afternoon's record.

In regard to the unemployment insurance fund, if the hon. member will take the trouble of looking at page 3006 of *Hansard* he will see the answer that was given as to the state of the fund as of February 28 and the holding of securities.

Mr. McMillan: The reason I asked these questions was because there was considerable variation between the report of the advisory committee and what the minister has said in the house. The advisory committee said that the market value of these bonds was between 8 and 9 per cent below par but the minister on March 15 said that the securities at par were worth $253 million and at market value, $210 million. This represents approximately 16 per cent. I would like to find out why the advisory committee says it is 8 to 9 per cent while the minister reports something like 16 per cent.

The Chairman: Shall vote 699 carry?

Mr. McMillan: No, Mr. Chairman, I would like to find out what the reason is for this difference.

Mr. Fleming (Eglinton): That has nothing whatever to do with the item under consideration. What we are concerned about in this item is the provision for salaries, travelling expenses, postage, telephones and telegrams, as we went over them this afternoon. That information is all on the record.

As to the state of the fund, there will be occasions in the course of this session when discussions of that kind will be quite in order. They will be in order at the time we are considering the appropriate item in the main estimates for 1961-62. Some aspects of this question may relate to the bill which I indicated this government intends to introduce in due course later this session, as indicated in the speech from the throne. This kind of inquiry initiated by the hon. member for Welland is not relevant to the item now before this committee.

Mr. Hellyer: Can the minister say whether the additional casual employees were required to improve the service or because of the increase in work load?

Mr. Fleming (Eglinton): The addition results largely from an increased work load.

Mr. Chevrier: There are one or two matters I should like to bring to the minister's attention. If the minister will look at the main estimates he will see item 188.

Mr. Fleming (Eglinton): Which year's estimates are you referring to?

Mr. Chevrier: I am looking at the estimates tabled for this year.

Mr. Fleming (Eglinton): You refer to the estimates for 1960-61?

Mr. Chevrier: No, for 1961-62.

Mr. Fleming (Eglinton): Those are for next year.

Mr. Chevrier: The minister will note item 188—unemployment insurance commission—$45,542,000 which appears to be the same item as this present one and would in my opinion authorize the committee to discuss under this item the same matters that would be allowed for discussion in the main estimates. That would therefore authorize the kind of question that the hon. member for Welland has in mind.

However, to come back to what the minister said concerning the details which are to be found at page 20, I see two items that indicate to me that this is a matter which can be discussed at greater length than the minister suggests. I refer to salaries and wages. This would authorize the committee to discuss the administration of the unemployment insurance committee and the unemployment insurance contributions, and would therefore allow this committee to inquire of the minister the nature of these contributions.

However, there is an item here which concerns me at the moment covering postage in the amount of $240,000. I would ask the minister whether that is exclusively for the posting of letters.

Mr. Fleming (Eglinton): As I pointed out this afternoon, the item of $240,000 for postage is entirely due to the higher than expected claims rate.

As to the unemployment insurance contribution item in the amount of $33,000, this increase is due to the large number of casual workers who have ben engaged by the commission to look after the increased number of claimants and represents wages paid to these casual workers.

Mr. Chevrier: I am informed that the item for postage, being $240,000, would represnt the dispatch of some 6 million letters. If that is the case then what would be the total amount of letters posted in a 12-month period? This is, after all, a supplementary estimate for a short period of time.

Mr. Fleming (Eglinton): The amount for postage provided in the main estimates is $900,000. This addition of $240,000 will bring the total outlay for postage for the fiscal year to $1,140,000.

Mr. Chevrier: It would follow from that statement that the information I have relayed to the minister, which I believe to be accurate, would indicate the dispatch of some 6 million letters, which is a tremendous volume. I should like to know whether or not that information is accurate?

Mr. Fleming (Eglinton): If the hon. member is speculating about the number of letters that have gone out, I will question his figure. However, I am trying to do something a little better than that by giving him a more precise figure as to the volume of mail.

Mr. Chevrier: I thank the minister. I was not speculating, but asking for information as—and the minister knows this—I have a perfect right to. If I am mistaken as to the 6 million figure I should like to be corrected.

Mr. Crestohl: Could the minister inform the committee in regard to this new group of inspectors or investigators, which the minister has been talking about and for whom he is now requesting this additional money, what is anticipated in the way of recovery for the unemployment insurance fund from those who are accused of having pilfered the fund by making claims to which they were not entitled? Is there any anticipation of prosecutions, and recovery by way of penalties, of those people who have received unemployment insurance when not entitled to it?

Mr. Fleming (Eglinton): It is very difficult to give even an approximate estimate as to anticipated recoveries because this raises the question, in every case, as to whether the amount is recoverable, having regard to the means and position of the person who has improperly collected the insurance. However, as to the prosecutions, I might say that during this present fiscal year there has been a substantial increase in the number. In the fiscal year 1959-60 the number of claimants prosecuted was 1,341. I am informed that in the present fiscal year, which has not yet ended, the number of prosecutions will probably reach 1,800.

Mr. Crestohl: I should like to draw the minister's attention to an actual case with which I am familiar. A person in Montreal was summoned and charged with overdrawing his unemployment insurance to the extent of $103. Of course, we certainly do not condone that. He went to the office of the unemployment insurance commission and admitted that he had overdrawn this amount and offered to pay it back. He said, "I have a job now and I will repay this amount on the instalment plan". He was told that they could not take it from him in that way. They said, "We will have to lay a complaint before the courts", which is quite proper.

A complaint was laid and he pleaded guilty. He was informed that his penalty was a sum calculated on the number of offences he was supposed to have committed with respect to the withdrawals he made. The penalty was fixed by the court at about the same amount, $103, and costs, which together came to $110. The sum of $110 was paid into court. This man was under the impression that that was the end of his offence and the penalty. He is now faced with a civil claim for the recovery of the amount.

I do not say there is anything improper in this. It is perfectly proper and perfectly within the law; but I point out to the minister the hardships which are sometimes inflicted on those unfortunate people who have to struggle in their new jobs to pay their penalties. This is a double penalty. Again I emphasize that I do not condone what was done and I do not suggest that it should be forgiven, but when the man appeared and offered to repay the amount he was faced with a second penalty.

If the money which is now being requested in this item is being used for the hiring of inspectors to track down these things, then perhaps there is a certain amount of recovery. Perhaps the minister will inform the committee that that is the approach and there is expected by way of recovery at least enough to pay these expenses which otherwise become a very costly operation on the government.

Mr. Deschatelets: I have only one question. We are dealing with the unemployment insurance commission. Will the minister give

us the latest figures of the number of people drawing benefits from the unemployment insurance fund?

Mr. Fleming (Eglinton): Mr. Chairman, in reply to the question asked earlier by the hon. member for Laurier, I am told that there is no precise figure available as to the number of pieces of mail that go out from the commission, but the figure which I gave earlier, which indicates an increase in the postage outlay of the commission, is attributable to the higher volume of claims and to some extent to a centralization of the adjudication of claims at regional points, necessitating the mailing of claimants' documents to central points.

The figure of unplaced applicants at March 16 was 873,092, which was a slight reduction from the previous week.

Mr. Deschatelets: Do I understand that this figure represents the number of people drawing benefits from the unemployment insurance fund?

Mr. Fleming (Eglinton): No, this is the figure of unplaced applicants.

Mr. Deschatelets: What I am asking for now is the latest figure of the number of people drawing benefits.

Mr. Fleming (Eglinton): I am told that the latest figure is one which appears in *Hansard,* one which was given recently by my colleague the Minister of Labour. That is the most recent figure.

Mr. Deschatelets: Will the minister repeat the figure?

Mr. Fleming (Eglinton): I have not the *Hansard* reference, but I am told by my advisers that that figure was given recently in the house by the minister and it is the latest figure available. The January figure was 846,940 active claimants; that is, at the last day of January.

Item agreed to.

LEGISLATION

The Senate—

700. General administration—further amount required and to authorize, notwithstanding the Civil Service Act, an honorarium in the amount of $1,000 to Dr. R. Warren James, for services rendered by him to the Senate special committee on manpower and unemployment, $27,200.

Mr. Herridge: This vote has to do with general administration of the Senate. One rather intriguing item in the details on page 20 reads:

Carriage of mails between postal terminal and Senate: session, $5 per diem; recess, $50 per month, $200.

[Mr. Deschatelets.]

Will the minister inform the committee where this postal terminal is, and will he give us an idea of this arrangement?

Mr. Fleming (Eglinton): This amount of $200 relates to a trucking service operated at a cost of $50 per month during the recess and $5 per day during the session. The need for the provision of this sum is due to the extended period of employment at the higher rate during the present fiscal year.

Mr. Herridge: What I am interested in is why this is necessary on the Senate side of the post office when there is no item like it for the House of Commons.

Mr. Fleming (Eglinton): No; it is the carriage of mail between the postal terminal and the Senate. In other words, this is for bringing the mail from the postal terminal to the Senate post office downstairs.

Mr. Herridge: I have never seen a comparable item for bringing the mail from the postal terminal to the House of Commons side of the post office. Why is that?

Mr. Fleming (Eglinton): The House of Commons is the owner of two trucks, one in good shape and one in very poor shape.

Mr. Herridge: The House of Commons does its own work through its own employees who carry the mail. In the other case other arrangements are made. This seems rather a peculiar thing to me.

Mr. Pallett: The House of Commons always carries the mail, anyway.

Mr. Herridge: Why is it necessary to have two methods of transporting mail from the postal terminal to the house, one for the Senate and one for the House of Commons? Why can one vehicle not do both?

Mr. Fleming (Eglinton): The hon. member is aware that both houses of this parliament are very jealous of their independence of one another. They have largely separate services in this building. The post offices of the two houses are separate, at least in the sense that they are set apart one from the other and, as the hon. member is aware, there are other services that the two houses choose to operate independently of one another. There is a measure of co-operation, of course, but I do not think the hon. member would wish this house to sacrifice to another place any of its independence with respect to its own services and I dare say the feeling in another place is somewhat similar as to its services.

Mr. Herridge: I just want to say that I cannot see why the senators would lose any dignity by having their mail bags put in the House of Commons truck instead of having

two vehicles doing work that one vehicle can do and causing unnecessary expense.

Item agreed to.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

General—

704. Polar continental shelf project—further amount required, $89,940.

Mr. Herridge: Would the minister explain the purpose of this item, polar continental shelf project, $89,940? Is this another form of winter works program?

Mr. Fleming (Eglinton): No, Mr. Chairman, although part of the operation that is here provided for is carried on under Arctic conditions. This is an additional provision to enable the field program of the Department of Mines and Technical Surveys to be carried forward in relation to the polar continental shelf project. This project has been described in the house on earlier occasions and is, I am sure, well known to hon. members. The principal element in the figure of $89,940 is an item of $78,381 for materials and supplies. This additional amount is required for aviation gas and oil, totalling $72,000, and for camp and field supplies including fresh provisions which will be transported to the Arctic in this present month. There is an additional item of $10,959 for the charter of aircraft and the rental of equipment and there is a small item of $600 for the purchase of field notebooks and a typewriter for field use.

Mr. Chevrier: Mr. Chairman, I should like to discuss this matter and raise some questions about the manner in which the contract for the helicopter part of the polar continental shelf project was given. I state that it was given without the calling of tenders and it was given to the same person who received it last year although it was brought to the minister's attention that that too had been done without tender.

It has been the practice in most departments, I believe, to call for tenders on work of this nature, particularly when it is done by means of the filing of tariffs with the air transport board. In this case the minister, for some unknown reason, decided not to call for tenders, as I will indicate in a moment, and simply awarded the contract on the basis of information obtained through the filing of tariff rates. On March 8, 1961, I asked the following questions of the Minister of Mines and Technical Surveys, as found on page 2774 of *Hansard*:

1. Did Autair Helicopter Services Limited obtain a contract or contracts from the Department of Mines and Technical Surveys for the continental polar shelf project and for topographical work in 1960?

The minister replied as follows:

The answer to part No. 1 is that Autair were awarded one contract for helicopter services required on the polar continental shelf project in 1960.

Then I asked what was the amount of such contract and the minister's answer was "$183,500". I also asked the following question:

How much was paid to Autair Helicopter Services Limited in 1960?

The answer was "$137,551.36". Then I asked the following question:

Has Autair Helicopter Services Limited a contract or contracts from the Department of Mines and Technical Surveys for the continental polar shelf project for 1961?

The answer was:

The answer to part No. 1 is no. A letter of intent was, however, sent to Autair on February 23, 1961, pending, and subject to, final consideration by the treasury board who, on March 2, 1961, approved our proposal.

Therefore the answer to that question was in the affirmative, namely, that there was a contract awarded to this company. The second question was the following:

If so, were tenders called, and who were the other tenderers?

This was the answer:

—we do not call tenders in those cases where rates are filed with the air transport board. We do, however, review the rates of all companies considered capable of performing the service before making our selection.

Here is my criticism of the manner in which this is being done, and I say this without any fear of contradiction. The minister may contradict it but I have it on reliable information. It is well known in the trade that, notwithstanding the fact that tariffs had been filed, Autair was not the lowest of those who filed tariffs in accordance with this policy of the minister which merits only condemnation. Autair filed a tariff afterwards which was lower than those that had been filed by the other applicants and in that fashion the contract was awarded to them.

Mr. Bell (Carleton): Should the hon. gentleman not read the answer to part 3?

Mr. Chevrier: I will come to that in a moment and to a further question. I am complaining at the moment about the manner in which these contracts are awarded for the work on the continental polar shelf. Contracts for helicopter services elsewhere are not awarded in this manner. The third question, with respect to which the parliamentary secretary wishes me to deal, was the following:

Did Autair submit the lowest tender?

The minister answered as follows:

The answer to part 3 is that an economic assessment of the applicable air transport board rates and associated costs made by my department indicates that the services of Autair would result in the lowest over-all cost to the government of Canada.

That is not a statement that they were the lowest. It simply says that an examination indicates that the services of Autair in the result would be the lowest. It seems to me that is not the manner in which to award contracts. Rather it should be done on the basis of open, public tenders with the contract being awarded to the lowest tenderer. In this case the contract did not go to the lowest tenderer because Autair was given the opportunity to submit a lower tariff rate after all the applicants had submitted their tariff rates.

I submitted a third question on March 15, 1961, as found on page 3006 of *Hansard*. It reads as follows:

What equipment is required of a contractor to perform the helicopter services on both the continental polar shelf and the topographical survey?

This was the answer:

For 1961 operations we require the contractor to supply: 4 Sikorsky S-55 helicopters equipped with float landing gear; 1 Sikorsky S-55 helicopter equipped with wheel landing gear; 1 Bell 47 G2A helicopter equipped with skid and float landing gear.

In addition, the following are required on all aircraft: (a) H.F. radio transceiver (b) V.H.F. radio transceiver (c) radio compass (d) gyro compass (e) cabin heater (f) engine heater and (g) engine and nose bubble covers and tie down equipment. Major and minor spare parts must also be readily available.

2. Autair Helicopter Services Ltd., report that on March 8, 1961, it had in its possession one Bell 47 G2A and four Sikorsky S-55 helicopters, and arrangements have been made for the fifth Sikorsky S-55. The necessary items of equipment required by the department are also reported to be available.

That information is false. That information was not true. That information is inaccurate and the minister got around it by saying that Autair Helicopter Service reported they had the following equipment. They did not have the following equipment, and that is well known to the trade. Whether or not they have it now, I doubt very much. I do know one thing, that one of the main things required of the person obtaining the contract for the polar shelf job was that the Bell 47 G2A helicopter should be equipped with a skid and float landing gear. Autair did not have it. I am mistaken, Autair had it but it did not belong to them. Autair borrowed it from one of the members of the trade and refused to give it back. One of the members of the trade has had to sue Autair in the courts of the province of Ontario for the return of this equipment; that is a matter of public record.

[Mr. Chevrier.]

This company is not a reputable company and should not be in receipt of this contract.

I indicated last year, and I repeat now, that this company operated without a licence for several months in 1958. Furthermore, this company had its insurance cancelled twice by a reputable insurance company and is not a reliable helicopter operator. More than that, this company said it did not give a damn for the air transport board.

Last year when I brought up the question, the company refused to file a financial statement with the air transport board in accordance with the Aeronautics Act. The information I have now is that they still have not done so. In the far north, where it is extremely important that persons should be transported with safety, why is it not necessary and of prime importance that the requirements of the Aeronautics Act should be complied with? The information I have is that the requirements of the Aeronautics Act have not been complied with. Certainly, the requirements laid down by the minister in answer to the questions which I have put to him have not been complied with in so far as equipment is concerned.

I have a perfect right, therefore, to ask the government why this contract should not be reviewed and why it should not have gone to the person or corporation that submitted the lowest rate in the first instance.

Mr. Fleming (Eglinton): The fact is that the contract did go to the corporation that submitted the lowest tender. The hon. member has chosen to make a vitriolic attack, and he has chosen to make assertions here. Well, I suppose a member enjoying the privileges of this house can make assertions of that kind and reflect upon the integrity of a firm outside the house. However, Mr. Chairman, it is not a good way for parliamentary business to be transacted if hon. members get up and make assertions such as those which have been made tonight.

In the first place, there were three bidders for this work in 1960. The contract was awarded to the Autair company which was the lowest of the bidders. All of the bidders filed tariffs, so that the rates are known. So far as this year is concerned, there were five bidders and again, Mr. Chairman, their tariffs were filed. Again it was found that Autair was the lowest and the contract was awarded to Autair. In so far as any bidder being permitted to refile a tariff is concerned, all of the bidders were permitted to refile tariffs, so the treatment was equal in all cases.

So far as this company is concerned, it has fully discharged its obligations under the contract and has a satisfactory record of per-

formance under the contract. The law will be observed and nothing less than the law will be accepted in the discharge of the company's obligations. I think, Mr. Chairman, in the face of these facts the public interest is fully protected, except against vitriolic attacks of the kind the committee has listened to tonight.

Mr. Chevrier: The minister has said I have made a vitriolic attack against this company. Will the minister disprove any of the statements I have made? I have made charges in this house in the same way that I made them last year. Nobody rose to dispute them. My statement last year that this company had operated without a licence was admitted by the Minister of Transport. He said he had overlooked it and he passed an order in council by virtue of certain decontrol powers which put this company in a position to operate. I also made a statement that the company's insurance had been cancelled twice and I named the company that had cancelled the insurance. It was the British Aviation Insurance of Montreal. This statement has not been disputed. I also made the statement that this company had not filed a financial statement as it is required to do under the Aeronautics Act.

If these statements are not correct, let the minister or anybody else on the other side disprove them. I am not in the habit of making statements on my responsibility as a member of parliament that I cannot substantiate. If I make statements that are incorrect or inaccurate I will rise in my place afterwards, as I have done on one occasion, and say that I was in error. I have made these statements based upon information which I have received from extremely reliable sources. One of these statements which I have made this evening indicates that, notwithstanding what the minister has said was required in so far as equipment to operate in the far north is concerned, Autair did not possess. Furthermore, Autair is being sued in a court of law for the return of certain equipment that is required, according to the minister himself, for operation in the far north. Surely, that ought to be enough to put the minister and the government on the defensive and to urge them to inquire fully into this matter.

Mr. Fleming (Eglinton): The hon. member has chosen to repeat something he said last year about this company in relation to its licence. The air transport board is quite capable of dealing with this situation. The air transport board is the body with which this company has filed its tariff, and this company must be licensed. The hon. member keeps on speaking of what happened last year as though it were a continuing situation. He talks about an action in the courts against the company. It is not customary, Mr. Chairman, to assume that a company that is being sued and, as I gather, defending an action, is at fault until that has been determined by a judgment of a court of law.

I suggest to the hon. member that talk of this kind is the sort of thing that should be put forward in quite different circumstances if he feels that, on his responsibility as a member, he should undertake to do so.

The hon. member has mixed up, along with statements made in a government return, a large number of statements that he himself has made. I respectfully suggest to him, Mr. Chairman, that he has not correctly interpreted the answers that were made by my colleague the Minister of Mines and Technical Surveys. I repeat—and in this respect I find myself in contradiction of the hon. gentleman's earlier assertions—that in each year this company was the lowest bidder and that the government in awarding the contract to Autair was serving the public interest and getting the most economical job done in relation to this polar continental shelf project; and in that respect I suggest that my colleague the Minister of Mines and Technical Surveys was carrying out his duties.

So far as an action in the courts is concerned, I take it that we may await the outcome of that matter instead of trying to prejudge it. So far as licensing last year is concerned, that gave the hon. gentleman no right to make continuing accusations as to a later period. I have said that this company must obey the law. Nothing less than obedience to the law will be accepted in satisfaction of the company's obligations.

Mr. Chevrier: On that point, Mr. Chairman, may I say that the company has said positively that it would not obey the law last year and there is indication—and I think it is my duty to bring it to the attention of the government—that the company has no intention of respecting the law again in 1961. I refer to the law as laid down under the Aeronautics Act in so far as the filing of a financial statement is concerned.

Then the minister said, "Here I rely on the answers which were given by my colleague the Minister of Mines and Technical Surveys". The Minister of Mines and Technical Surveys says that he gives this tender out on proposals and not on bids. I condemn that practice. I say that is not the proper way in which to do it. If there were bids, I would not be here condemning the situation. There were no bids. There was a filing of tariffs and the man who was not the low man was allowed to retender. That was why I enter

a caveat. That is why I say that the policy is bad and should not be condoned.

Mr. Fleming (Eglinton): Mr. Chairman, let us not have any misunderstanding about this matter of bids. The filing of a tariff is an offer; it is a bid. In this particular case the tariffs of all these companies were known; and it was found on examination, as I indicated last year, that on the basis of the tariffs filed, Autair was the lowest. Again this year, of five companies whose tariffs were known or were published, Autair was the lowest. I repeat that when the hon. member talks about Autair being permitted to refile a tariff—

Mr. Chevrier: Re-enter a bid or re-enter a tariff.

Mr. Fleming (Eglinton): —that was done by all of the five companies.

Mr. Chevrier: No; it was not.

Mr. Fleming (Eglinton): It was not peculiar to Autair.

Mr. Chevrier: It was.

Mr. Fleming (Eglinton): The hon. gentleman makes that statement. I am going by information which I have received from my advisers and I believe it to be correct information. The hon. gentleman speaks with great confidence in making his assertions. How can he pretend to say that the department did not have regard to five tariffs filed by as many respective companies? I think the hon. member is taking a great deal on himself.

Mr. Chevrier: No, I am not taking a great deal upon myself; and I do not like the minister instructing me as to what is the meaning of the filing of tariffs. I know full well what is the meaning of tariffs. It seems to me that the proper way in which to have proceeded was not by way of a filing of tariffs but by way of open tenders. That is what I am complaining about. This position I am now complaining about would not have arisen if the system of open bids had been followed, of which system I am sure the minister approves in all other cases.

Why are tariffs filed? Tariffs are filed in order to give the department a too wide opportunity to select one rather than the other. If you look at the answer which the minister gave and which the parliamentary assistant insisted that I repeat, it would indicate quite clearly that there was a reason for this. It reads as follows:

> The answer to part 3 that an economic assessment of the applicable air transport board rates and associated costs made by my department indicates that the services of Autair would result in the lowest over-all cost to the government of Canada.

[Mr. Chevrier.]

It does not state that it is the lowest. Hence the statement the minister has just made is not accurate. It was not the result of the rates that indicated who was the lowest. It is rather the study or the "economic assessment" of the board rates and associated costs "made by the department". The minister asks me to say that the officers were in error. Of course I am not going to say that the officers were in error. How can I say that? However, I can say this from information I have in my possession. Those who did tender were not given the same advantages in the consideration of the economic assessment of the applicable air transport board rates and associated costs as was Autair. This seems to me to be a very roundabout way in which to grant a contract of this importance and of this nature. I am repeating now that the method is not the right one. Certainly it is not the method that the Minister of Finance advises his colleagues in other departments to use when large and substantial sums of money are spent by the treasury. I am sure he suggests to them in all cases, except in very extraordinary circumstances, that the contract should go not by the filing of tariffs but by bids to the lowest tenderer.

Mr. Fleming (Eglinton): Mr. Chairman, the tender system is well established in government practice and there will be no weakening of that principle, I can assure the committee. But in the case of transportation services, as the hon. member well knows from his experience, the established custom is to file tariffs. We have it done on the part of railways. In some jurisdictions we have it done on the part of trucking services. In the case of aeronautic services we have it done with the air transport board. I must say to the hon. member that he is drawing a long bow in trying to set my statement at odds with that of my colleague as reported at page 2774 of *Hansard*. They are the same statements. His answer was:

> The answer to part 3 is that an economic assessment of the applicable air transport board rates and associated costs—

And so on. As to the applicable air transport rates, that expression signifies the tariffs filed by these companies with the air transport board. It was following a review of these published tariffs that the department decided that the most economical service to be obtained in relation to this project was that of Autair. That statement is not controverted here tonight.

Mr. Chevrier: I say it is.

Some hon. Members: Carried.

Mr. Benidickson: Can the Minister of Finance, in the absence of the Minister of

Mines and Technical Surveys who is principally concerned, indicate to the committee the grade of tariff filing that would be applicable to this particular contract?

The minister, is, I think, aware that there are tariffs which are based on scheduled services and tariffs based on non-scheduled services. They fall into classes (a), (b), (c) and (d). In connection with this particular contract, under what tariff rating in accordance with the air transport board regulations would these tariffs have been filed?

Mr. Fleming (Eglinton): I cannot give the particular designation but it is not one applied to a regular route.

Mr. Benidickson: No. That illustrates the necessity of having the minister principally concerned present before the committee, because I am confident that within the last ten days I have read an amendment to the air transport board rules under which henceforth a grade such as, for example, grade 4, will not be permitted to file a tariff and operate under that tariff in advance of permission being given by the air transport board. I presume that perhaps under this contract a tariff has been filed which has never received public adjudication in the face of competitive representation before the air transport board. There are certain grades of air operation which can simply file a tariff, and that tariff prevails until the board adjudicates to the contrary. That is the reason I raise this question—in what grade of aviation operation is this contract to be considered?

Item agreed to.

B—Dominion coal board—

705. Payments in connection with the movements of coal under conditions prescribed by the governor in council—further amount required, $2,106,502.

Mr. Hellyer: I wonder if the minister would say whether this vote includes any funds for the storage of coal.

Mr. Fleming (Eglinton): Not the storage, Mr. Chairman.

Mr. Hellyer: It is for transportation only, not including storage?

Mr. Fleming (Eglinton): That is correct.

Item agreed to.

NATIONAL DEFENCE

Royal Canadian Navy—

706. Operation and maintenance—further amount required, $1,000,000.

Mr. Hellyer: I wonder if the minister could say whether this additional amount required is entirely due to the increase in rates of pay?

Mr. Fleming (Eglinton): Yes. This item arises entirely from a general salary revision granted to classified civilian employees of the Royal Canadian Navy.

Item agreed to.

Royal Canadian Air Force—

707. Construction or acquisition of buildings, works, land and major equipment—further amount required, $10,000,000.

Mr. Hellyer: I wonder if the minister will say for which engines and which aircraft additional funds are required?

Mr. Fleming (Eglinton): First, it will be understood that in this large item—the item in the main estimates was $228,192,000—it was found at the end of the year that some parts of it were inadequate and in other cases that the full amount appropriated will not be required. This is a case of putting together the pluses and the minuses and arriving at a net result. However, the deficiencies were in relation to the CF-104, the C-130B, the CC-109, and the Caribou.

Mr. Hellyer: The minister mentioned three aircraft on which expenditures were being made, but he did not mention the engines. Can he tell us whether provision for engines is included in this amount?

Mr. Fleming (Eglinton): I am sorry, but I found it difficult to hear all the hon. member's question. Is he asking me what engines are incorporated in these respective aricraft?

Mr. Hellyer: No, Mr. Chairman. The details of this item refer to aircraft and engines. I wonder if the minister would indicate which engines are referred to?

Mr. Fleming (Eglinton): The engines referred to in that expression are those of the aircraft I have just mentioned.

Mr. Hellyer: Just before this item carries I should like to reiterate the feeling of this side of the committee with respect to the CF-104 and its engine and to say we believe this is a rough engine being installed in a poor aircraft to carry out a questionable role to which we should not have committed ourselves in the first place.

Mr. Fleming (Eglinton): Every one of those assertions was completely controverted last year by the Minister of National Defence.

Item agreed to.

Mutual aid—

708. Contributions to infrastructure and military costs of the North Atlantic Treaty Organization—further amount required, $740,000.

Mr. Fisher: Several years ago I discovered that all the bids that are put up for contracts within the infrastructure are on a partnership

basis, that is, the fact that some of the contracts may go to supply Canadian troops is no advantage to Canadian suppliers who are bidding. As I understood at the time, no Canadian bidders have ever been successful in obtaining any large contracts within the infrastructure organization.

I wonder if the minister could tell us whether in the past year Canadian contractors have had any more success in bidding for NATO infrastructure contracts?

Mr. Fleming (Eglinton): I am informed that no Canadian contractor has participated yet in any of the infrastructure contracts. Of course, a Canadian firm has been successful in the provision of simulators, but the information I have been given with respect to the infrastructure indicates that no Canadian contractor has yet succeeded in that field.

Mr. Fisher: Can the minister give the committee a rough indication of how much has been involved in the last year in these particular contracts in respect of which Canadians have not made any bids or have not been successful bidders?

Mr. Fleming (Eglinton): I do not have the total of the entire NATO infrastructure outlay here, but it would be a substantial sum.

Mr. Herridge: Could the minister give us some idea of what is included in this term "infrastructure"? I have a general idea, but can the hon. gentleman say just what is meant by the word?

Mr. Fleming (Eglinton): "Infrastructure" is an expression which has come into well-established use within the last decade. As a matter of fact, I think it was NATO itself which introduced this expression. It applies to permanent installations, the fixed installations. It would apply to airports and to buildings; to anything of a permanent or semi-permanent nature which is a fixed installation.

Mr. Hellyer: I wonder if the minister would indicate why the Canadian percentage of infrastructure expenditure is being reduced compared with that previously in effect?

Mr. Fleming (Eglinton): Because the humble representative of the Canadian government on the committee insisted that Canada was being assessed more than her share. There was a general revision of assessments having regard to the fact that some of the European allies had their percentages struck at a time when they were not as strong economically as they have become. In the revision of the assessments the two North American allies were granted a reduction in their percentages, and some of the European countries accepted an increase in their percentages. Germany accepted the largest increase.

Mr. Hellyer: The minister is saying that Canada's economic position has declined relatively in the last two or three years, and that is the reason for it.

Mr. Fleming (Eglinton): Not at all. The fact is that the two North American allies were called upon in earlier years to contribute a share to the NATO budget for its infrastructure which took into account the fact that at that time the economies of the principal European partners were not nearly as strong as they are today. With the increase in economic strength of those countries there is no reason why they should not accept a larger share of the burden, and they have done so, notably Germany. Its increase has been substantial. Who should benefit by Germany's increase as among the other countries? The two countries on this continent that had accepted a disproportionately heavy assessment at the outset naturally felt that they could expect a more proportionate share than they had borne up to this time.

Mr. Hellyer: I am not a lawyer but it seems to me that when the European countries' economies have strengthened the converse would be that Canada has not been able to keep up.

Mr. Fleming (Eglinton): That is an absurd conclusion. We are speaking in relative terms here. The fact is, and I make no apology for the part I played in relation to this in bringing about the reduction in Canada's contribution, that if a million dollars a year can be saved the Canadian taxpayer, we shall make no apology for the saving.

Mr. Hellyer: You are indeed responsible for saving the taxpayers' money in this country.

Mr. Pearson: Is the minister telling us that he has saved a million dollars out of the infrastructure as reflected in the supplementary estimate?

Mr. Fleming (Eglinton): What I indicated was that the reduction in Canada's share of the budget will amount to approximately that figure. There was some extended discussion as to the extent of reduction in the United States percentage and the extent of the Canadian reduction. The situation is that Canada's—I do not recall the precise fractions now—percentage came down approximately 1 per cent of the total NATO infrastructure budget.

Mr. Pearson: As a result of the minister's efforts he is now saying that our contribution

to the infrastructure has been reduced about $1 million. Does he refer to the infrastructure alone in this regard?

Mr. Fleming (Eglinton): Yes, in this coming fiscal year.

Mr. Pearson: Would the minister tell the committee what is involved in the other part of this item, the NATO military budgets? What are the other military budgets involved in this item?

Mr. Fleming (Eglinton): The additional payment to the military budget is $580,000.

Mr. Pearson: I may be wrong, but the figures I have here at page 22 of the supplementary estimates show that our contribution to infrastructure and NATO military budgets totals $540,000. The minister has now stated that the total contribution to the NATO military budgets is over $500,000. There must be some mistake there.

Mr. Fleming (Eglinton): Mr. Chairman, here are the figures in detail: the expenditures to February 21, 1961 on account of military budgets amount to $13,656,000, leaving an unspent balance of $844,000. With current requests of $1,384,000, there is a further requirement of $540,000. The $740,000 is made up by two additions required. The first is direct procurement, $200,000; the second is the NATO budget, $540,000, totalling $740,000.

The figure that I gave earlier of $1,384,000 is made up of three items. The first, contribution to SHAPE for forward scatter system—$380,000; the second, additional payment to the military budget—$580,000; the third is the first quarterly instalment of the adjustment in the contribution to infrastructure—$424,000, making the total of $1,384,000.

Mr. Pearson: I wonder whether the minister could tell us what form this procurement for mutual aid takes which amounts to $200,000? I understand this is a supplementary figure. Could he give us the total figure for procurement for mutual aid for NATO this year and indicate what is involved in that procurement. How much of it, if any, is the transfer of military equipment, and how much is for the purchase of new equipment for the NATO forces?

Mr. Fleming (Eglinton): So far as Canada's share is concerned, the main budget contained a figure of $300,000 for direct procurement, and to that it is now proposed to add $200,000 making a total requirement in respect of direct procurement of $500,000.

Mr. Pearson: Does that mean that our mutual aid contribution to NATO this year will be half a million dollars for direct procurement?

Mr. Fleming (Eglinton): Yes.

Mr. Pearson: Could the minister give any indication of what is covered by this item for direct procurement? What are the items of equipment involved?

Mr. Fleming (Eglinton): Perhaps I can provide that answer later.

Mr. Pearson: I can understand the difficulties involved in getting the details, and perhaps the minister will procure this information for us later. Could the minister now compare this amount of half a million dollars for mutual aid direct procurement with what it was five years ago?

Mr. Fleming (Eglinton): I will be glad to secure that information and communicate it to the hon. gentleman.

Mr. Benidickson: Could we leave this item open?

Mr. Argue: Mr. Chairman, I would like to say a few words regarding this item on behalf of the C.C.F. new party group in the committee, and as the national leader of the C.C.F. movement.

NATO has had a long and memorable history and we believe, has in the past been an important force in the stabilization of world conditions. We do think that world conditions are changing and that in these changing world conditions we should re-assess our position in NATO. Europe is stabilized, and the nations of Europe have made a very excellent economic recovery. It has been the policy of the C.C.F. party, and the policy of the Canadian government to this date—but government policy now seems to be shifting as far as Canada is concerned—to prohibit atomic weapons on Canadian soil.

The Co-operative Commonwealth Federation has gone further in this regard. We have a definite policy not only of opposing the spread of atomic weapons to Canadian soil, and to other nations but being placed in the hands of Canadian troops anywhere in the world. Therefore we oppose, and will continue to oppose in the future, any move to provide atomic weapons in general to NATO forces. We are fully aware that certain NATO powers have atomic weapons and that atomic weapons are under the control of the United States commander in Europe. This is a further reason why we think our role in NATO should come under review at this time.

If one makes the assumption, which I do not think is an accurate one, that NATO has only conventional weapons, that NATO is merely a force which has the use of conventional weapons, then it also can be questioned on this ground as to what military contribution our small conventional force

attached to NATO in fact makes, and whether, if we should withdraw this small force, it would have any material effect on the military position of the NATO countries.

One of the main reasons why the former national leader of the C.C.F., Mr. M. J. Coldwell, and the members around him in the house at that time, including myself, supported NATO and supported it in subsequent years, was that we felt that article 2, under which there was to be economic assistance and economic aid to other countries, would be implemented. As a matter of fact, we have now come to the conclusion that article 2 of the NATO treaty was little more than a sop to those people who believed that economic aid within NATO should be promoted. It has been demonstrated beyond any shadow of doubt that article 2 within NATO is dead.

One needs only to refer to the necessity of setting up the O.E.C.D. which we in the C.C.F-New Party group in the house were very pleased to support. We feel that so far as economic assistance and economic stability are concerned the O.E.C.D. is in a better position to bring this about successfully than was NATO because there are a larger number of nations involved and because other nations such as Finland and Yugoslavia, we understand, are prepared to associate themselves at least to some extent with O.E.C.D. We are encouraged that President Kennedy of the United States made it clear the other day that there will be very definite changes in the United States long term foreign aid program, and that part of this foreign aid program would be channelled through the O.E.C.D. We think that all of these things suggest that NATO is becoming more and more clearly a military force and nothing else.

We are not neutralists; we are not pacifists. We take our position with the democratic and the free nations of the world, but we do question whether the expenditures that we make through NATO are the most effective means of playing our responsible part in providing a measure of stability in the world, in supporting free institutions and the United Nations.

We think that in this day and age and at this time Canada would be better advised to dissociate herself from regional military alliances, improve her conventional force at home, make that conventional force at home strong and mobile and, as a matter of national policy, make our forces available to the United Nations for police work at any time. Let us not be in the position in which we found ourselves not so many months ago when Canada was asked for some 200 technical personnel for assistance in the Congo. It took us a very long time to gather this technical force together. We think that greater emphasis on such a force at home in readiness for use by the United Nations would be the best role for Canada to play at this time.

[Mr. Argue.]

To make the position of the C.C.F. party clear to hon. members I should like to quote a resolution passed at our last national convention held at Regina in August 1960. It reads as follows:

> We believe that Canada must at all times give vigorous support to the United Nations, and constantly promote the strengthening of the authority of the United Nations. Our objective should be to make the United Nations eventually into an effective world government with sovereignty over all international affairs. The actions of the United Nations in the Suez crisis and now in the Congo point up the role which it can play to preserve the peace. That role must be strengthened, particularly in the fields of international economic aid and world disarmament. Since NATO has become a purely military organization, Canada should immediately withdraw from NATO in favour of promoting peaceful economic and cultural activities through the agencies of the United Nations.

Therefore, Mr. Chairman, in keeping with the policy statement that I have just outlined and believing that Canada can play its most constructive role in promoting the peace of the world, in bringing about stability and in encouraging the growth and strength of free institutions by strong conventional forces at home, we feel that the large sum of money now spent on NATO could better be spent on conventional forces at home and in providing economic assistance to underdeveloped countries.

The other day figures were brought down in the house in answer to a question of mine which showed, as recorded at page 2994 of *Hansard*, that the estimated direct costs of Canadian forces committed to NATO in 1961-62 would be $455,545,000, or an increase of some $47 million over the present fiscal year. Therefore, Mr. Chairman, I should like to move that item No. 708 be reduced to $1.

Mr. Fleming (Eglinton): Mr. Chairman, I think it is well that the attitude of the C.C.F. or New Party in relation to NATO should be thus exposed to public view.

First of all, let us think for a moment what the amendment means in proposing that the item be reduced to $1. It means that Canada would now be called upon to make a default under its NATO obligations, obligations solemnly and faithfully undertaken, and Canada, a country with a proud record in the fulfilment of its obligations honourably entered into, would now be invited to become a defaulter. I do not think that will commend itself to the Canadian sense of honour, in the first place.

Now, let us look a little further. The position that has been taken by the hon. member for Assiniboia, presumably the official position of the C.C.F. and New Party, is that—

Mr. Argue: Quite correct.

Mr. Fleming (Eglinton): —Canada should now withdraw from NATO. Let me ask the committee to consider one or two facts in this regard. First, think of what Europe was like, and think of the position of the free world before NATO. I saw a good deal of western Europe and most of the countries there just before the North Atlantic Treaty was entered into. For Canada's part in the writing of that treaty I think all must take satisfaction, and for the part that Mr. St. Laurent played in that we give him full credit. It was an honourable page in Canada's history.

Mr. Hellyer: And the Leader of the Opposition. Do not overlook his part.

Mr. Fleming (Eglinton): May I continue? It will not be necessary to offer these coaching suggestions. I know something as well of the part which the present Leader of the Opposition played in bringing about the North Atlantic alliance, and all of us on this side of the house give him full credit for the part he played in the Canadian role in that alliance.

What was the situation then, Mr. Chairman? The fact is that until the alliance welded together the countries of western Europe to face the power of an aggressive communist bloc there had been no front presented to the westward march of the iron curtain and one country after another had fallen behind the iron curtain and had been reduced to the role of a satellite of the U.S.S.R. It was to erect an effective barrier against the westward march of the iron curtain that the North Atlantic alliance was brought into being.

Has NATO fulfilled its hopes? Yes, Mr. Chairman. It may not have fulfilled them all. NATO is not a perfect instrument. It is a man-made instrument and it has human imperfections and plenty of them. But the fact is that NATO has rendered to the free western world an inestimable benefit. Had it not been for the NATO alliance the history of the world in the past 12 years might have been very different.

You do not bring about great results such as have been achieved under NATO without sacrifice and without cost, and Canada's participation in NATO has not been without sacrifice or without cost on her part. But whatever part Canada has played, and it has been an honourable one, in bearing the cost and the sacrifice has been our contribution to the preservation of freedom in the western world. It was not simply a case of preserving our own hides as a nation. It was a case of making our contribution as an important nation in the free world to the preservation of the freedom of the west because we had seen that countries, if they chose to remain divided, could expect to fall one by one like ripe plums into the U.S.S.R. basket. So let us be under no illusions about the effective role that NATO has played in the preservation of the freedom of the west.

It is all very well, Mr. Chairman, to talk about the failure to implement article 2 of the NATO treaty. It is quite true that this article has not been employed in the way that its terms would have suggested or in the way in which the nations probably expected it would work at the time they entered into the alliance. There have been difficulties in the economic field but the fact is that the O.E.E.C. played a very important part in filling the gap that the implementation of article 2 of the NATO treaty was intended to fill. That organization is now in the process of being transformed into the O.E.C.D., with more effective participation intended now by Canada and the United States as full members instead of merely associate members as they were before. The O.E.C.D. is wider in its membership than NATO. It embraces not only the members of NATO but the neutral countries of western Europe as well.

So it cannot be said that there is any great gap left in the economic growth of the North Atlantic area by reason of the failure to give literal implementation to the terms of article 2 of the NATO treaty. The fact is that O.E.E.C. and then O.E.C.D. have played a very effective role in this respect.

The immediate question, Mr. Chairman, is: Shall Canada default on her obligations to NATO, to the other allies in this alliance? The C.C.F. party may think that Canada does not need allies in this world. Perhaps there have been other countries in the past that entertained that idea. Some of them woke up to a dreadful day of reckoning. I think most Canadians will feel that in the kind of world in which we find ourselves today it is not a bad thing for Canada to have allies. How long would Canada have allies if she now chose the role which she is invited by the C.C.F. to take and became a defaulter and renounced the obligations she entered into in favour of her allies? This is the issue presented by this amendment tonight.

Shall we say to those who have entered into this defence partnership with us: "We are leaving you, we want no more of you. We realize that you have got to carry a burden but we are not going to share that

burden with you any more. We are withdrawing. We are going back across the Atlantic."

Is that the language of realism in this year of grace and international disturbance, 1961? Is this the lesson that we have learned in recent years in the international field, that Canada can withdraw, live unto herself and take the attitude of a pious nation that has no great concern with the problems of other nations a little closer to the areas of aggression in the world today?

So, Mr. Chairman, let it be clearly understood that, so far as the government is concerned, we believe in the honourable implementation of Canada's obligations. We believe as well that it is a good thing for Canada to have allies. We believe in saying to these allies that we are not going to turn tail and leave them in the lurch, that we are not going to be parties to signalling any retreat from NATO. We stand squarely for NATO. We recognize it is not perfect. We recognize that it is a human instrument and there will be difficulties as long as it operates through human beings and as long as we have strife and the threat of aggression in the world today. But with all its shortcomings this is the instrument that has preserved not only Canada's freedom but the freedom of the western world, and we want that freedom to be preserved. We are not prepared to accept the invitation of the C.C.F. to dishonour Canada's obligations.

Mr. Pearson: Mr. Chairman, the amendment that we are invited to support has brought out into the open in the House of Commons, in respect of this vital matter of collective security, the position of the C.C.F.-socialist party. It is now perfectly clear and perhaps it is just as well that it should be so.

I do not always agree with the Minister of Finance but on the argument he made tonight I agree with him 100 per cent. As the minister has said, we are being invited by this amendment to run out on our commitments to the North Atlantic Treaty Organization and to the principle of Atlantic collective security. That course would not only be humiliating for Canadians, it would be disastrous and would have effects which would be felt far beyond the borders of our own country at this particular moment when the threat to our security persists and the danger is still present as it was ten or 11 years ago when we founded NATO.

The danger has changed, the threats have been modified and I have no doubt in my own mind that the organization which we founded in those earlier years should also be altered and modified to meet these changing threats and changing dangers. But the threats and the dangers are still there and in the circumstances they require an organization for collective security.

Mr. Regier: What about the United Nations?

Mr. Pearson: I will come to the United Nations in a moment. My hon. friends to the right cannot arrogate unto themselves exclusive virtue on this matter of support for the United Nations. We will consider that in a few moments.

This amendment, Mr. Chairman, is really a withdrawal from the North Atlantic Treaty Organization. This is a vote of no confidence in Atlantic collective security, and we are opposed to it. With all its faults—and it has had its setbacks; as the minister pointed out, it is a human organization—NATO has done great things for freedom and security in the last dozen years. Perhaps if it had not been for NATO and for what it stood during these dangerous years in the late forties and early fifties when the eastern steamroller was moving across Europe, perhaps if it had not been for this demonstration of western solidarity and collective security, the hon. member for Assiniboia would not be able to move this amendment in this free parliament tonight.

My hon. friends in the corner say, what about the United Nations? Well, there is nothing contradictory about supporting NATO and supporting the United Nations, and there never has been. If the United Nations could only give us on a universal scale the kind of collective security we want, and we hope one day we will get, there would be no need for NATO. I hope it may come to that, and we will be able to scrap NATO in favour of a bigger, better, universal organization. This is the purpose of the charter of the United Nations, but we have not realized that purpose. Until we do realize that purpose we are entitled, as free members of the international community, to band ourselves together in regional organizations for collective security. What we have done under NATO is what I hope we will continue to do as long as NATO performs this collective function and as long as the necessity for collective security persists.

When I support NATO I never feel that this is any reflection on my wholehearted support of the United Nations. I never have felt that way and I do not feel that way tonight. I agree with what the hon. member for Assiniboia has said that we should do all those things under the United Nations that we can do. We should build up security. But until we can do these things in the United Nations, the North Atlantic Treaty Organization still has value for us.

My hon. friends have made reference to article 2, sometimes known as the Canadian article. When the NATO treaty was drafted, the Canadian delegation did play some part in getting this article put into the treaty. It is quite true that we have not been able to implement article 2 over the years as we had hoped would be possible. There is no doubt about that. The Minister of Finance has already stated that we have been disappointed in that respect. In recent weeks we have been discussing in this house an organization for European Atlantic economic co-operation and development. This will be a wide organization covering all the European states, except one or two and we may—I put it no higher than that—be able to do in it what we have not yet been able to do under article 2 in NATO. If we can do that I will be quite satisfied because this organization would be performing every economic co-operative function of article 2.

However, there is more in article 2 than economic co-operation. There is the desirability of political co-operation amongst the Atlantic countries. Until more progress has been made on that score, action in the direction of the political co-operation, all that we had hoped for under NATO will not be possible. However, is that any reason why we should scrap the whole organization at this time as my hon. friends to the right would do? I agree, as I have just said, that changes are required. I have no doubt that changes in the structure of NATO to make it a more effective organization in the face of the new dangers, the new threats and the new opportunities are being considered. I hope that is true. Anything I say tonight about NATO will not preclude me, when the time comes, from putting forward the ideas which I think will improve and strengthen NATO. But this is not scrapping it.

If NATO does not move in the direction of a stronger politically co-operative organization, in the direction of greater unity rather than less unity, it may well be that NATO will disappear. It may be, too, that if NATO becomes only an organization for military co-operation—

Mr. Martin (Timmins): As it has.

Mr. Pearson: —that just is not true and no statement can make it true. If NATO does become only an organization for military co-operation to meet a military danger, then of course NATO will disappear when the danger disappears. We should, therefore, try to find a broader, deeper foundation for NATO than merely military co-operation. But believe me, Mr. Chairman—this is where we disagree with my hon. friends to the right—the need for defence co-operation still exists. They would scrap NATO, but I would not scrap it. I would not scrap it. I would make NATO stronger rather than weaker, even as a defence organization. I do not want to withdraw from collective security on an Atlantic basis. I do not want to withdraw from any organization which makes it possible for free countries to stand together and, within even a limited area, do what they can to discharge the collective security function which is recognized in the charter of the United Nations. I do not want to withdraw into isolation or neutralism. I do not want to weaken our support for the United Nations. But none of these things would prompt me to withdraw from the North Atlantic Treaty Organization at this particular time.

The hon. member for Assiniboia, perhaps in the hope of strengthening his argument, talked about NATO nuclear weapons. This brings up one of the changes that I should like to see brought about. Perhaps it is being considered in NATO at the present time. I think it is important to make the North Atlantic organization, as a defence organization, much stronger in conventional forces than it is at the present time. Then, the organization would not have to rely on nuclear weapons for defence against every aggression, no matter how regional, no matter how limited, or how small it might be.

As I understand the purpose of this particular amendment it is to strengthen, perhaps in a small way, the conventional forces of NATO. I think this is important. As long as the NATO countries in Europe feel that they have no alternative but to use nuclear weapons against aggression, no matter what kind or character of aggression, I think that NATO is weaker rather than stronger. There may be occasions arise when it would be very difficult indeed for anyone to press the nuclear button and if that were the only button that could be pressed, we would be subjected to grave peril indeed. I want to see the conventional forces of NATO not weakened but strengthened. I want to see NATO rely less and less on nuclear deterrents and more and more on the strength of the NATO countries to withstand aggression without using nuclear weapons.

I think, Mr. Chairman, that is very sound defence policy. I think it is a good policy in other respects. It will make NATO and the European countries less dependent, for instance, on the United States and nuclear weapons than they may be at the present time. There are three members of the NATO alliance that have nuclear weapons now, the United States, the United Kingdom and France. So far as NATO forces are concerned, and I speak subject to correction, all those nuclear weapons which are in Europe at the

present time in the hands of NATO forces—except perhaps United Kingdom weapons and I am not sure they have any—are under the single control of the United States authorities. I think that is wrong. If NATO through a decision of its council decides that tactical nuclear weapons are required for defence purposes, and I am talking about tactical nuclear weapons only for defence purposes, then I say this. If the NATO council thinks that weapons of that kind are required, then we have taken the position in our party that those weapons should be brought under NATO control and that those NATO members which now possess them should turn those weapons over to the control of the NATO organization. That is not extending the use of nuclear weapons. That is limiting their use to the NATO organization rather than to individual nations.

An hon. Member: To people like Speidel, the former nazi general.

Mr. Pearson: If my hon. friend wants to be consistent, he would probably take the position that no German should have anything to do with the north Atlantic organization. If we take the position that Germany cannot associate at all with Atlantic security, Atlantic development or the Atlantic community what do we do with Germany? We drive her into the arms of the people of whom we have cause to fear. If that is the policy of my hon. friends to the right, I should like them to try to defend that policy in this country. That is the kind of policy that in 1919, 1920 and 1921 helped to bring about the nazi regime in Germany. If my hon. friends want a recurrence of that policy, they are welcome to it.

Mr. Argue: We just said we did not want a nazi general heading it up.

Mr. Pearson: You just said you did not want Germans.

Mr. Argue: German generals.

Mr. Pearson: That is a far-reaching extension of policy when the party on my right said that they did not want the German republic to take any part in the development of the Atlantic community.

Mr. Argue: Nobody said anything like that or nearly like it.

Mr. Pearson: It will be on *Hansard.*

The Deputy Chairman: Order.

Mr. Pearson: I think I have made the position of my own party on this matter quite clear and I am very glad of having had the opportunity of doing so. We think the NATO organization should be changed in order to bring it more into accord with the changing situation. We think that political and other kinds of non-military co-operation in NATO should be stronger and not weaker. We think that the defence policy of NATO should be stronger, not weaker, but that defence strategy tactics and co-operation in NATO should be based not on nuclear weapons but on the building up of conventional forces which will give the European countries protection without the necessity of using nuclear weapons.

Mr. Martin (Timmins): Mr. Chairman, we have had a couple of very good demonstrations here. We have had a demonstration of Tory policy which is one purely and simply, of thinking back. We have had a demonstration of Liberal policy which goes back even further than that of the Tories. In fact, the Leader of the Opposition had us back almost to the days of bows and arrows for a little while. The Minister of Finance, when making his presentation here tonight, of course, very conveniently forgot or omitted the fact that when he was back 10 years, 12 years or 13 years ago, the C.C.F. supported that position at that time; that the C.C.F. never denied the benefits that NATO may have contributed at that time. But the C.C.F. unlike the minister and the party which he represents, can recognize things as they are now, not as they were 10 years ago, 50 years ago or 100 years ago. We are prepared and willing to accept the facts as they are today, not as they were in the past. This is something that they conveniently forget. They forget that today we are in 1961, not 1951.

An hon. Member: What about tomorrow?

Mr. Martin (Timmins): Exactly; what about tomorrow? If we are going into tomorrow while looking into yesterday, where is it going to get us?

An hon. Member: Right where you are.

Mr. Martin (Timmins): The minister admitted very frankly that article 2 of NATO had never been implemented to date. I should like to congratulate the minister on that admission. It is true that it has never been implemented. It is also true that it will never be implemented as long as we keep looking back and do not look ahead. Surely the minister can realize that. We have had examples in this chamber. We had a Liberal government that looked back 40 years to the time when they promised health insurance. For 40 years they looked back but they never implemented it. It was only when the Conservative government came into office that it finally implemented this promise to which the Liberals were looking back 40 years.

This position is what we face today with regard to this NATO situation.

An hon. Member: You were in the wilderness for 25 years.

Mr. Pearson: He is talking about the Regina manifesto.

Mr. Chevrier: Tell us about the Regina manifesto.

Mr. Martin (Timmins): The fact still remains that, as their national leader put before the committee tonight,—

An hon. Member: Which one?

Mr. Martin (Timmins): —we are not prepared to share this burden so long as it is purely and solely a military burden and so long as it does not implement the things that it is supposed to implement. As long as we can see no progress—

The Deputy Chairman: Order. I am sorry to interrupt the hon. member but it is ten o'clock.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: I presume that tomorrow we will continue with these estimates; and I take it that it is the hope, not so much of the house leader as of the Minister of Finance, that we will terminate them. However, I should like to ask the house leader what the house will be doing when we reconvene on April 10?

Mr. Churchill: Tomorrow I think the house would indicate its wisdom by completing the supplementary estimates. There are some items of the supplementary estimates that are of great importance to a large number of people in this country. I mention only one group, namely the disabled veterans of Canada. The item in the supplementary estimates which refers to them is one which should be passed speedily so that their next cheque will carry to them the information that parliament has dealt with that particular problem. I think tomorrow we should consider passing the supplementary estimates even if we have to carry on beyond the hour of six o'clock.

After the supplementary estimates are through there will be the normal appropriation bill and then, as the other house has dealt with interim supply, we will be prepared for royal assent for that item as well as for the supplementary estimates. When we resume on the 10th—

Mr. Chevrier: The Minister of Finance looks concerned.

Mr. Fleming (Eglinton): May I say this? I am gravely concerned. Far be it from me to suggest that any hon. member should curtail his remarks. The fact is, however, that included in these supplementary estimates are a good many provisions for salaries. My colleague has referred to the appropriation for the veterans, item 755, but I must draw attention to the fact also that there are numerous salary items here as well and those salary cheques cannot go out unless the bill is first passed and this supply released.

Mr. Churchill: When we resume on April 10—

Mr. Chevrier: I remember the same exhortations when I was on the other side.

Mr. Churchill: When we resume we shall deal with supply motions on April 10 and 11. Then the forecast—and this is subject to change—is that on Wednesday, April 12, we would consider the second reading of Bill No. C-72, to amend the Customs Tariff, and then on Thursday and Friday of that week we would resume discussion of the estimates of the Department of Agriculture followed by those of the Post Office Department.

I might point out for the interest of the house that this is the 77th day of this session. We have completed 17 pieces of legislation. The estimates of one department have also been dealt with and we are further ahead than we were last year at this time because it was not until the 90th day that we succeeded in passing the estimates of the first department.

Mr. Herridge: I should like to ask the leader of the house if he would consider bringing all the other estimates before the committee tomorrow and leaving until the last the estimate we have just been discussing?

Mr. Chevrier: No.

Mr. Churchill: We would still have to pass every other item in the supplementary estimates to deal with the appropriation bill and get royal assent. The actual arrangement in which the estimates are taken during the course of the day might be something we could discuss through the usual channels tomorrow morning.

Mr. Chevrier: I submit we should proceed in the usual manner.

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

ANSWERS TO QUESTIONS

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

MAIL CONTRACT, PETERBOROUGH

Question No. 151—**Mr. Pitman:**

1. Did the post office award a contract for driving mail from Peterborough to Apsley, Lakefield, Belleville, Tweed, and Madoc in the years 1959 and 1960?
2. To whom was this contract awarded?
3. Was there any stipulation in the contract in regard to wages paid to employees in the carrying out of the contract?
4. Is there any protection for workers under the post office regulations for such contracts?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. There is no one contract covering service between Peterborough and the localities mentioned, but rather three service routes. These are:

(a) Apsley and Peterborough/Lakefield and Peterborough stage service—contract renewed 1st October 1960.

(b) Belleville and Peterborough highway service—established 25th April 1960 under temporary arrangement.

(c) Tweed and Peterborough highway service (via Madoc)—established 25th April 1960 under temporary arrangement.

2. Mr. Lawrence Wesley Olver, Peterborough, Ontario.

3. No.

4. (a) Stage services are minor operations and contracts for these services do not specify the payment of wages to couriers.

(b) Tender notices and contracts for highway services contain specific clauses covering the payment of wage rates to couriers. Notices inviting bids for temporary arrangements stipulate that the remuneration paid by a contractor to his couriers shall be reasonable and comparable to that paid drivers of trucks of equal size, in the district.

PASSENGER TRANSPORTATION, MALTON-TORONTO

Question No. 154—**Mr. Pitman:**

1. Does the Department of Transport give a franchise to any person or company for driving of passengers from Malton airport to downtown Toronto?
2. If so, to what person or company?
3. Is there any stipulation in the contract as to charges for transportation from Malton airport, and from the Royal York hotel to the King Edward?
4. If so, what are these charges?
5. If not, what is the charge to any person transported by this service from the Royal York hotel to the King Edward hotel or vice versa?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

1 and 2. No. Transportation franchises are controlled by the Ontario transportation board.

The department has an agreemnt with Air Terminal Transport Limited, granting them the privilege to maintain and operate a limousine and taxi station at the Toronto international airport (Malton). The company has a franchise from the Ontario transportation board to operate between the airport and Toronto.

3 and 4. The tariff charged by the company is subject to approval by the Ontario transportation board and the company files a schedule approved by the transportation board with the department.

5. The approved tariff between the Toronto international airport (Malton) and downtown Toronto, (Royal York hotel) is $1.50 per passenger (75 cents children's fare). The company operates a jitney service between the Royal York hotel and the King Edward hotel to accommodate passengers who wish to go on to the King Edward hotel.

The same jitney service from the King Edward hotel to the Royal York hotel is available to passengers travelling from the King Edward to the airport. There is no charge for this jitney service.

[The following items were passed in committee of supply]:

DEPARTMENT OF FISHERIES

Special—

687. Newfoundland bait service—further amount required, $10,500.

688. Payment, subject to such terms and conditions as the governor in council prescribes, of assistance to producers of salted fish on products designated by the governor in council, in the amount of 50 per cent of the laid down cost of salt purchased for their production—further amount required, $155,105.

689. Estimated amount required to recoup the lobster trap indemnity account, established under vote 540 of the Appropriation Act No. 5, 1955, to cover the net operating loss in the account as at March 31, 1961, $114,480.

690. Contribution towards the costs of a special meeting of the food and agriculture organization of the United Nations regarding distribution and use of fish meal, $2,500.

Governor General and lieutenant governors—

691. Office of the secretary to the Governor General—further amount required, $8,500.

DEPARTMENT OF JUSTICE

A—Department—

692. Departmental administration—to extend the purposes of vote 151 of the main estimates, 1960-61, to include a grant of $5,000 to the Canadian corrections association to assist in defraying the costs of a congress of corrections to be held in Toronto in 1961, $5,000.

693. Parole Act administration—further amount required, $4,000.

Northwest Territories—

694. Administration of justice in the Northwest Territories including the Northwest Territories territorial court—further amount required, $48,500.

Yukon Territory—

695. Administration of justice in the Yukon Territory including the Yukon territorial court—further amount required, $7,000.

Combines Investigation Act—

696. Restrictive trade practices commission—further amount required, $17,500.

DEPARTMENT OF LABOUR

A—Department—

Special services—

697. Special services branch including the promotion of a program for combating seasonal unemployment, the organization and use of workers for farming and related industries and assistance to the provinces under agreements entered into with the provinces by the Minister of Labour with the approval of the governor in council—further amount required, $65,000.

Technical and vocational training assistance—

698. To carry out the purposes of the Technical and Vocational Training Assistance Act (superseding the Vocational Training Co-ordination Act) —payments to the provinces—further amount required, $450,000.

B—Uemployment Insurance commission—

699. Administration of the Unemployment Insurance Act—further amount required, $1,850,000.

LEGISLATION

The Senate—

700. General administration—further amount required and to authorize, notwithstanding the Civil Service Act, an honorarium in the amount of $1,000 to Dr. R. Warren James, for services rendered by him to the Senate special committee on manpower and unemployment, $27,200.

House of Commons—

701. General administration—estimates of the clerk—further amount required, $177,500.

702. Estimates of the Sergeant-at-Arms—further amount required, $7,000.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—

Geographical branch—

703. Administration, operation and maintenance—further amount required, $6,150.

General—

704. Polar continental shelf project—further amount required, $89,940.

B—Dominion coal board—

705. Payments in connection with the movements of coal under conditions prescribed by the governor in council—further amount required, $2,106,502.

DEPARTMENT OF NATIONAL DEFENCE

Royal Canadian Navy—

706. Operation and maintenance—further amount required, $1,000,000.

Royal Canadian Air Force—

707. Construction or acquisition of buildings, works, land and major equipment—further amount required, $10,000,000.

HOUSE OF COMMONS

Wednesday, March 29, 1961

The house met at 2.30 p.m.

FINANCE

NAILS—TABLING OF TARIFF BOARD REPORT ON REFERENCE 127

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I wish to table copies in English and in French of a report by the tariff board on reference No. 127, which relates to nails of iron or steel. I am also tabling a copy of the transcript of the proceedings at the public hearings on this reference in conformity with section 6 of the Tariff Board Act.

I have had prepared a brief summary of the conclusions and recommendations contained in the report. This summary may be of interest to hon. members, and I should be glad to table it if I have unanimous consent to do so. Additional copies will be available to any hon. members who desire them.

STARRED QUESTIONS

AUTOMOBILE FERRY SERVICE, EASTERN NEWFOUNDLAND-MAINLAND

Qustion No. 226—**Mr. Muir (Cape Breton North and Victoria):**

1. Has the report of the interdepartmental committee on the establishment of an automobile ferry service between the mainland and eastern Newfoundland been received by the Department of Transport?
2. If so, did it make any recommendation as to the ports between which such service would operate?
3. Has a final decision been made as to the establishment of this ferry service?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the answer to parts 1, 2 and 3 is that the report of the interdepartmental committee has been received and is under study. Certain related matters require further clarification before any decision on its recommendations or any statement on the subject can be made.

TABLE GLOVE CUTTERS

Question No. 227—**Mr. Forgie:**

1. Is it a fact that (a) there is a shortage of table glove cutters in Prescott, Ontario, and (b) table glove cutters are in receipt of unemployment insurance in the Montreal area?
2. If so, is there any provision by which such a situation can be changed?

Mr. R. D. Thrasher (Parliamentary Secretary to the Minister of Labour): The answer to this question is as follows:

1. (a) The Prescott office of the national employment service has no vacancies listed by local employers at this time for table glove cutters.

(b) Thirteen persons are registered for employment as table glove cutters with the Montreal offices of the national employment service and are in receipt of unemployment insurance benefit.

2. Provision exists through the national employment service system of clearance whereby job opportunities listed with the Prescott office that cannot be filled from local labour supply may be brought to the attention of suitable workers who are registered for employment at other national employment service offices.

CAPE BRETON HIGHLANDS NATIONAL PARK—PERSONNEL CHANGES

Question No. 228—**Mr. McWilliam:**

1. Has a change of crew affecting 26 persons been effected in the Cape Breton Highlands national park?
2. If so, has the minister received representations from the municipal councillors of the area alleging that established employment procedures in this case have been laid aside and replaced by political considerations?
3. What reply has the minister made to any such representations, and have instructions been issued to restore the former situation?

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources):

1. Yes. It is the policy to change crews from time to time so that the available work is spread around as equitably as possible in the area. I am informed that this policy has been in operation in the Cape Breton Highlands national park for some time.

2. Yes.

3. An interim reply was sent out on March 18. I have asked for further information on the matter to determine that the rotational policy has been equitably followed.

ENGINEERING AND ECONOMIC SURVEYS, CHIGNECTO CANAL

Question No. 229—**Mr. McWilliam:**

1. Has the engineering survey of the proposed Chignecto canal been completed?
2. If not, when is it expected it will be completed?
3. If completed, when will the report be tabled in the House of Commons?

Starred Questions

4. Has the economic survey of the proposed Chignecto canal been completed?
5. If not, when is it expected it will be completed?
6. If completed, when will the report be tabled in the House of Commons?

Hon. D. J. Walker (Minister of Public Works): The answer is as follows:

1. No.

2. The present stage of the study is too preliminary for determination of the total amount of work to be done. Therefore a completion date cannot be established at the present time. The last meeting with New Brunswick officials was held on March 14, and further meetings are planned.

3. Not applicable.

4. No.

5. All information required to assess the economic feasibility has not yet been received, and until it has, the time required for analysis of it cannot be determined.

6. Not applicable.

EXTENSION OF LAND MAIL SERVICE CONTRACTS, N.B.

Question No. 230—**Mr. McWilliam:**

1. How many requests for extension of land mail service contracts in New Brunswick were refused since July 1957?
2. What are the names of the persons making these requests, and the names of the land mail services?
3. In how many of these cases were the awarded tender prices higher than the previous contracts?

Hon. W. M. Hamilton (Postmaster General):

1. 4.

2. Mr. J. Roy McWilliam, M.P., Chatham and street letter boxes; Mr. Murray Paget, mail contractor, Lakeville and Woodstock; Mr. Guy C. Clark, mail contractor, Upper Woodstock, R.R. No. 1; Mr. Alexandre Daigle, Jr., mail contractor, Kouchibouguac and Richibucto.

3. None.

C.N.R. DISPATCHING FACILITIES, PRINCE GEORGE, B.C.

Question No. 231—**Mr. Howard:**

1. What accommodation is presently available to the Canadian National Railways in Prince George, B.C., for the dispatching facilities which are to be moved to that city from Smithers, B.C.?
2. Is any additional accommodation required for the said dispatching facilities, and, if so, what sort, and what will be the cost of providing such additional accommodation?
3. Will Canadian National Railways have to rent any buildings or accommodation at Prince George, B.C., for the said dispatching facilities, and, if so, what will be the (a) monthly (b) annual rent payable?
4. From whom will such accommodation be rented?
5. In what way will the relocation of the dispatching facilities be more efficient or economical?

[Mr. McWilliam.]

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the management of Canadian National Railways advise as follows:

1. The plan is to provide for conversion of express quarters into a suitable dispatching office. Minimum renovation costs only will be involved in providing this accommodation.

2. Answered by No. 1.

3. No.

4. Answered by No. 3.

5. The relocation of the dispatching office and facilities will enable them to be located where the natural division of traffic occurs, with approximately 50 per cent moving between Prince George and Jasper and the remainder between Prince George and Prince Rupert. The location of the facilities at Prince George will simplify and result in more efficient handling of interchange traffic with the Pacific Great Eastern Railway at that point.

FLOOD THREATS TO INDIAN RESERVES, GRAND RAPIDS DEVELOPMENT

Question No. 232—**Mr. Howard:**

1. Is any Indian reserve threatened with flooding as a result of the Grand Rapids power development, and, if so, what is the name of each such reserve, its area, and the band membership?
2. What steps are being taken to provide compensation to the said bands for the loss of their land, and, if any price has been agreed upon, what is it in so far as each reserve is concerned?
3. Are any steps being taken to provide substitute reserve land for these bands, and, if so, what steps, and where will the new reserves be established, and what will be the acreage of each?
4. Are any arrangements being made to finance the movement of the band members to the new reserves, or any other place, and, if so, what are the details of these arrangements?

Hon. E. D. Fulton (Acting Minister of Citizenship and Immigration): Mr. Speaker, the answers are as follows:

1. Yes, partially. Moose Lake reserve and Chemawawin reserve, which together comprise a total area of approximately 9,072 acres. The membership of the bands is Moose Lake, 185 and Chemawawin, 221.

2, 3 and 4. These matters are under discussion with the Manitoba department of mines and natural resources acting for the Manitoba hydroelectric board.

TEACHER'S RESIDENCE, CAUGHNAWAGA INDIAN RESERVE

Question No. 233—**Mr. Lessard:**

1. Is the Department of Public Works building a teacher's residence on the Caughnawaga Indian reserve?
2. If so, have any complaints been received about the materials being used in this building?
3. If there have been any complaints, has an investigation been made, and what is the result of the investigation?

Hon. D. J. Walker (Minister of Public Works):

1. Yes.

2. No.

3. Not applicable.

DIRECTIVE RESPECTING RETIREMENT BEFORE 65

Question No. 234—**Mr. Tardif:**

1. Has any directive been issued in any government department encouraging civil servants to tender their resignations before the normal retirement age of 65 years?

2. If so, what is the purpose of this directive, and under whose authority, and in what department has it been circulated?

Hon. Noel Dorion (Secretary of State): Mr. Speaker, this question requires us to get in touch with all government departments. The majority of the replies have been received, but there are still a few departments to be heard from. I would therefore ask that this question be allowed to stand.

Question stands.

RESERVE TRADESMEN TRAINING PLAN, R.C.A.F.

Question No. 235—**Mr. Meunier:**

1. Did the Royal Canadian Air Force advertise among high school students to join the reserve tradesmen training plan?

2. If so, how many applicants have been successful, and what is the purpose of this particular tradesmen training plan?

Mr. Egan Chambers (Parliamentary Secretary to the Minister of National Defence): The answers are as follows:

1. A limited amount of advertising was carried out on behalf of R.C.A.F. auxiliary squadrons sponsoring the reserve tradesmen training plan at high schools located in the vicinity of these units.

2. Nine thousand and eleven have successfully completed training since its inception in 1953. The purpose of this plan is to provide qualified tradesmen for R.C.A.F. auxiliary units.

RECRUITMENT OF CENSUS WORKERS

Question No. 236—**Mr. Godin:**

1. Are workers being recruited at present for the taking of the census?

2. If so, what method of recruitment is used, and are local offices of the unemployment insurance commission asked to provide personnel for census taking?

Mr. E. L. Morris (Parliamentary Secretary to the Minister of Trade and Commerce): Mr. Speaker, many thousands of Canadians will be employed in the important national undertaking of the 1961 census of Canada this year. Several hundred are being recruited by the civil service commission of Canada to augment regional office staffs of the dominion bureau of statistics across Canada and the head office at Ottawa, and in this phase of the work the commission is following its customary relationship with the national employment service. In addition, some 1,300 commissioners and 27,000 enumerators will be required. The time allowed for replies to starred questions is not such as to permit a detailed description of this procedure, but the house will be interested to hear that this is one of those not too common occurrences in which the present administration is following the same procedure as that followed in the 1951 census of Canada.

Mr. McIlraith: That is not right.

Mr. Morris: The hon. gentleman in whose name this question stands may be strengthened, therefore, in the knowledge that he can secure all the details from his colleague, the present member for Ottawa West, who was then parliamentary assistant.

[*Later:*]

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to rise to make a personal explanation which perhaps involves a question of privilege. In answer to starred question No. 236 of today's proceedings the parliamentary secretary, in giving the answer, made a certain statement of fact and then went on to make gratuitous references alleging that the facts he had given would indicate that the same procedure was followed in taking the 1951 census. He then proceeded to indicate that I—

Some hon. Members: Order.

Mr. McIlraith: —was familiar with that procedure and perhaps responsible for it. The explanation I wish to make is that the procedure to be used in the 1961 census taking is basically and fundamentally different from that used in 1951.

Mr. Speaker: Order. The hon. member is not making an explanation regarding something that relates to himself personally. In so far as reference was made to obtaining information from the hon. member for Ottawa West regarding the procedure used by him, the answer went beyond what might have been expected as a factual answer, but there does not seem to me to have been any reflection on the conduct of any member which would require an explanation or a member to rise on a matter of privilege. The course the hon. member is now following is to contradict the answer.

Mr. McIlraith: No, Mr. Speaker.

Mr. Speaker: I do not wish to stop the hon. member from making an explanation if he

feels he has been implicated, but he must confine himself to that aspect of it.

Mr. McIlraith: That is the point, Mr. Speaker, I am not saying that the factual part of the answer that was given is wrong at all, but seeking to point out that the information which related to me was wrong. I was referring to the answer only in so far as it had reference to me. I propose, Mr. Speaker, with your concurrence, to limit myself to that narrow point.

It was indicated by that answer that when I had some activity or responsibility in this field the system was the same as now when something over a thousand census commissioners are being appointed. I wish to make very clear now that no such system was used by me. One census commissioner was appointed for each electoral district during the 1951 census. The present system of appointing a number of commissioners for each electoral district was one with which I had no association whatever.

UNEMPLOYMENT INSURANCE CLAIMANTS

Question No. 237—**Mr. Robichaud:**

What was the total number of claimants for unemployment insurance benefits as of March 1, 1961, as compared with similar date for 1959 and 1960?

Mr. R. D. Thrasher (Parliamentary Secretary to the Minister of Labour): Mr. Speaker, the latest data released on claimants for unemployment insurance are those for January 31, 1961. The numbers at this date and at comparable dates in 1959 and 1960 are:

January 31, 1959	785,071
January 31, 1960	782,542
January 31, 1961	846,940

CIVIL SERVICE RESIDENCE REGULATION

Question No. 238—**Mr. Richard (Ottawa East):**

1. Is there a civil service regulation requiring applicants for government employment to be resident in the area for 12 months prior to being accepted as successful applicants?
2. If so, what classification of employment does this regulation cover?
3. Has any consideration been given to waiving this regulation in the case of residents of areas of chronic unemployment who wish to secure an appointment elsewhere in the country?

Hon. Noel Dorion (Secretary of State): Mr. Speaker, the answer to this question is as follows:

1. Yes; see section 20, subsection 3, Civil Service Act.

2. This subsection covers all appointments to civil service positions other than those in departmental headquarters at Ottawa.

3. No.

[Mr. Speaker.]

FIRM POWER EXPORTS, N.B. TO U.S.

Question No. 239—**Mr. Cardin:**

1. Is there an order-in-council approving the export firm power to the United States by a New Brunswick company?
2. If so, what amount of power is involved, and over what period does the licence extend?

Mr. E. L. Morris (Parliamentary Secretary to the Minister of Trade and Commerce):

1. P.C. 1959-334 gave authority to the following companies to export firm power until March 31, 1960:

(a) Maine and New Brunswick Electrical Power Company (a New Brunswick company).

(b) Fraser Companies Ltd. (a New Brunswick company).

These licences were transferred to the national energy board jurisdiction under P.C. 1959-1411 and the expiry date was extended to December 31, 1961, by an amendment to section 99 of the National Energy Board Act assented to March 31, 1960.

2. (a) Maine and New Brunswick Electrical Power Company, firm licence for 5,000 kilowatts.

(b) Fraser Companies Ltd. firm licence for 1,500 kilowatts. P.C. 1960-1646 granted a firm licence to Fraser Companies Ltd. for 15,000 kilowatts until December 1, 1965.

C.B.C. EXPENDITURES, VANCOUVER

Question No. 240—**Mr. Broome:**

1. What amount is paid in rental for Canadian Broadcasting Corporation accommodation in Vancouver?
2. What are total costs of C.B.C. operations in Vancouver, exclusive of rental costs for (a) radio (b) television (c) other services?

Hon. George C. Nowlan (Minister of National Revenue): I am informed by the Canadian Broadcasting Corporation as follows:

1. $102,045.12.
2. (a) $1,259,532.
   (b) $3,035,270.
   (c) Nil.

R.C.A.F. AIRCRAFT PUBLICATIONS, 1958-59

Question No. 241—**Mr. Hellyer:**

1. Were any aircraft equipment schedules, repair manuals, parts manuals, or other documents, relating to aircraft no longer in the R.C.A.F. serviceable inventory, printed during the fiscal year 1958-59?
2. If so, what were they, and how many copies of each were printed?
3. Have any of them been burned since the time of publication?
4. If so, how many?

Mr. Egan Chambers (Parliamentary Secretary to the Minister of National Defence): The records are being searched in regard to this matter. May I ask that the question stand.

Question stands.

JUDITH JASMIN, C.B.C.

Question No. 242—**Mr. Pigeon:**

1. What position does Miss Judith Jasmin hold with the French network of the Canadian Broadcasting Corporation?
2. For how many years has she held the said position?
3. What are her working conditions (salary and remuneration)?
4. Is it true that Miss Judith Jasmin is to represent the Canadian Broadcasting Corporation at a convention to be held Saturday, April 8, at the University of Montreal, for the opening of a campaign in favour of the establishment of a non-denominational public school system?

Hon. George C. Nowlan (Minister of National Revenue): I am informed by the Canadian Broadcasting Corporation as follows:

1. Miss Judith Jasmin is a program interviewer on contract.

2. Since 1956 Miss Jasmin has acted as a reporter and commentator on a fee basis.

3. Miss Jasmin is presently engaged on contract as an interviewer for the program "Premier Plan". She receives the remuneration stipulated in the contract which the C.B.C. has negotiated with her.

4. No.

URANIUM PURCHASES BY BRITISH ATOMIC ENERGY AUTHORITY

Question No. 243—**Mr. Cardin:**

1. What is the date of the letter which covers the firm commitment made by the British Atomic Energy Authority to purchase 12,000 tons of uranium from Canada, between 1963 and 1966?
2. Has the British government accepted this commitment as a contractual obligation which it must live up to, unless released by mutually agreed arrangement with the Canadian government?
3. On what date did the atomic energy authority of the United Kingdom express a desire to re-negotiate the terms of this commitment?
4. What particular terms did the atomic energy authority wish to renegotiate, and what changes were sought?

Hon. George H. Hees (Minister of Trade and Commerce):

1. March 29, 1957.

2. It is not in the public interest to discuss the details of these proposals during the period that negotiations are still proceeding.

3. April 3, 1958.

4. As I stated in answer to No. 2, it is not in the public interest to discuss the details of these proposals during the period that negotiations are still proceeding.

FREIGHT RATES

INCREASED GRAIN RATES TO EASTERN PORTS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I ask leave to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the decision of the board of transport commissioners allowing an increase in freight rates on grain moving from Georgian bay to eastern ports, scheduled to go into effect April 1, and the urgent need of the government to announce without delay the setting aside of this order under section 53 of the Railway Act in order to prevent a serious reduction in grain prices to western producers.

Mr. Speaker: Perhaps the hon. member would indicate a little more specifically of what the specific, urgent matter he wishes to discuss consists of.

Mr. Argue: The urgent matter consists of order No. 103860 of the board of transport commissioners, which would allow an increase in freight rates on grain moving from Georgian bay to the eastern ports of Saint John and Halifax. It has been announced in the press that the railways intend to take advantage of this order on April 1. Since this is the last day of this session prior to the recess, and in view of the fact that April 1 occurs on Saturday and that this is the only time and the very last time that parliament would have a chance to express an opinion on this subject before the order goes into effect, I suggest that this is an appropriate time to ask for a public debate and to urge upon the government the setting aside of this increase.

I might point out that there is a general ceiling or a general freeze on freight rates, but in the opinion of the board of transport commissioners this general freeze has not applied to the rate in question since they have defined this as an export rate. For these reasons I feel that there is urgency for debate.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think the question can be answered simply in this way. The order was made by the board of transport commissioners. An appeal was launched to the governor in council. The reasons for judgment on the part of the board of transport commissioners have not yet been delivered to the governor in council, or they had not been delivered at the time of the last inquiry I made. Therefore what is being asked for is a discussion in the house of a matter that falls peculiarly within the authority of the governor in council on appeal. The matter is still sub judice, that being so, Mr. Speaker, I suggest that the motion that has been made is premature and out of order.

Mr. Benidickson: Mr. Speaker, I have a question—

Mr. Argue: On the technicality raised by the Prime Minister, Mr. Speaker, may I say this. I have not the statute in front of me, but I am certain I am right and the Miniter of Justice will correct me if I am wrong. Under section 53 of the Railway Act the governor in council, of course, has the power to set aside a freight rate increase following an appeal. But the governor in council of its own initiative also has the authority to set aside any order of the board of transport commissioners. It is because of this authority, apart altogether from whether or not there is an appeal before the cabinet, that I have brought this motion before the house. In my own experience in parliament, we have on many occasions debated the general question of impending freight rate increases following such an announcement.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, my question was to the Prime Minister. Is it possible for the Attorney General for Canada to appeal a judgment by the board of transport commissioners, in this instance to the Supreme Court of Canada?

Mr. Diefenbaker: Mr. Speaker, I cannot say offhand. That would be a legal opinion, and I am unable to answer that question offhand.

Mr. Speaker: May I ask whether this matter is one which could be discussed under the supplementary estimates, which are the next order of proceedings? There are transport items in the supplementary estimates. I am not sure whether the items are such as would permit reference to this matter, but it would be helpful if I knew.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I do not know whether you expect me to make a comment on your last observation. The items awaiting consideration by the committee of supply this afternoon in the final supplementary estimates do not appear to me to touch on this question.

In the main estimates there is always an item to provide for the payment of salaries and other expenses of the board of transport commissioners. Matters pertaining to the jurisdiction of the board or orders issued by them are sometimes discussed on the main estimates under that item, if I recall correctly. However, in the present case I do not believe that any reference to this subject would relate to any of the items in the final supplementary estimates.

Perhaps I might add this comment. When the hon. member for Assiniboia talks about such matters having been discussed in the house in times past, it is true that there have been discussions about freight rates in the light of orders issued by the board of transport commissioners, but not, in my submission, in cases where an appeal is pending from such an order.

The Railway Act makes provision for two kinds of appeals from an order or decision of the board of transport commissioners. There is an appeal to the Supreme Court of Canada on a question of law or jurisdiction. There is also a right of appeal to the governor in council, which is not restricted to such questions. In the present case the parties have entered an appeal to the governor in council. Therefore this question is now most plainly sub judice.

Mr. Speaker: I thank the Minister of Finance and the Prime Minister for their assistance in dealing with the question which has been raised by the hon. member for Assiniboia. The hon. member asks that we interrupt our proceedings today which, as all hon. members know, is the last day of sitting before the Easter adjournment pursuant to an order already made by the house.

There is on the agenda some very important if not essential work for the house to undertake. I should think, therefore, that the hon. member would have to make a very strong case in order to interrupt the proceedings as they have been planned and ordered.

The immediate event which he has suggested raises a matter of urgent and immediate importance is a decision of the board of transport commissioners which will change freight rates on grain moving in an area of Canada between Georgian bay and eastern ports. If I am correct, an appeal has been taken from this order to the governor in council.

It has been suggested that the governor in council is a court and that the matter is sub judice. I am not prepared to accept that argument, but it is perhaps not necessary for me to deal with that question for the purpose of making my present decision. Has the house the right to discuss and consider the transport board's decision before the cabinet exercises its discretion on the appeal? Perhaps I do not have to make a pronouncement on that point and had better leave it as a doubtful submission.

I think on the broader issue the railway freight structure of this country is subject to constant review and change. Orders are made from time to time by the board and it does not seem to me that when any particular order is made it should be the occasion for interrupting the orderly consideration of freight rates in the way that has been prescribed by parliament, namely by the transport board, by appeals, and by debate in parliament as well as by legislation on a

considered basis. Therefore I do not think, in the circumstances, the rule has been satisfied.

MOTIONS FOR PAPERS

URANIUM ORE TO U.K.

Motion No. 96—**Mr. Argue:**

For a copy of any contract, letter of agreement, correspondence, or other documents, exchanged between the government of Canada and the government of the United Kingdom since January 1, 1956, in relation to the supplying of uranium ore to the United Kingdom.

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, I presume that the documents referred to by the hon. member for Assiniboia as being exchanged between the governments of Canada and the United Kingdom are those which deal with the purchase of uranium concentrates and not, as the question states, uranium ores. Moreover, they were exchanged between Eldorado Mining and Refining Limited and the United Kingdom atomic energy authority and not, as is stated in the question, between the governments of the two countries. If the hon. member will amend the form of his motion to cover that particular correspondence of March, April and May of 1957, I shall be glad to give it further consideration. It would be understood, of course, that the production of these documents would require the prior consent of the other parties to this correspondence.

Mr. Speaker: Perhaps the more convenient course to follow would be for the hon. member to withdraw his motion and resubmit it.

Order discharged and motion withdrawn.

VETERANS AFFAIRS

REQUEST FOR REDUCTION IN SMALL HOLDING REQUIREMENT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to direct a question to the Minister of Veterans Affairs. I might say that I think these will be my last words prior to the Easter recess.

Some hon. Members: Hear, hear.

Mr. Herridge: I am very glad to make everyone happy at Easter time. In view of the fact that many veterans are anxiously awaiting the government's decision with respect to the reduction of acreage required for small holdings—as an example, one subdivision in Kootenay West of 30 half-acre lots will not be available for veterans if an early decision is not reached—would the minister inform the house when an announcement concerning this urgent and important question to veterans can be expected?

Hon. Gordon Churchill (Minister of Veterans Affairs): This question has been raised on several occasions previously. The matter is under review. I hope during the Easter recess to have the opportunity to study a very comprehensive survey that has been made regarding this problem, and will have an early reply for the hon. member.

HOUSE OF COMMONS

INQUIRY AS TO DATES OF BY-ELECTIONS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Prime Minister whether, before we adjourn for Easter, he will be able to inform the house as to the date of the four pending by-elections?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the answer is no.

STATEMENT ON ACTIVITIES OF RETURNING OFFICERS

On the orders of the day:

Hon. Noel Dorion (Secretary of State): Mr. Speaker, the answer to the question put to me yesterday by the hon. member for Burnaby-Coquitlam is that the chief electoral officer proposes to carry out an annual revision of polling division boundaries each year until the next general election is held.

TRADE

WHEAT—REPORTED ADDITIONAL SALE TO CZECHOSLOVAKIA

On the orders of the day:

Mr. J. N. Ormiston (Melville): Mr. Speaker, I would like to direct a question to the Minister of Agriculture. Would the minister comment regarding reports that there have been additional sales of wheat to Czechoslovakia other than the sale which was announced in this house?

Hon. Alvin Hamilton (Minister of Agriculture): Yes, Mr. Speaker, there has been an additional sale to Czechoslovakia of 100,000 metric tons of wheat on the same terms as those I announced in the house on an earlier occasion. This sale is valued at $8.6 million. Therefore, Mr. Speaker, combined with my earlier announcement, this will mean that approximately 300,000 metric tons or approximately 11 million bushels valued at approximately $25.8 million are involved.

Inquiries of the Ministry

LABOUR CONDITIONS

PICTOU, N.S.—REQUEST FOR ORDER FOR RAILWAY CARS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, on Monday last I addressed a question to the Prime Minister in regard to the receipt of the telegram from Robert MacNaughton, president of the united steel workers of America, following a public meeting of residents of Pictou county dealing with unemployment and in particular asking whether the government could seek to obtain an order for the Eastern Car Company to produce railway cars. I wonder if the Prime Minister is in a position to give a reply.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as I recall it copies of the telegram referred to were addressed to a number of members and ministers. The Minister of Transport replied by telegram, which I might read to give the answer in detail. The telegram reads as follows:

> Your telegram March 27 received and representations concerning employment situation arising from public meeting held in Trenton on March 26 have been carefully noted. With regard to the question of railway car orders I might say that following the interview in Ottawa to which you refer I communicated with the Canadian National Railways and the Canadian Pacific Railway company drawing attention particularly to conditions in Pictou county and asked both companies to review their requirements for equipment from the standpoint of assisting the employment situation. Am pleased to say that I have been informed that the Canadian Pacific have tenders out for 1,000 assorted units, and can also advise that Canadian National will be shortly calling for tenders for assorted units totalling approximately 225 cars. Canadian National advise as well that their requirements will be reviewed from time to time in the light of traffic needs.

REGINA—INQUIRY AS TO ARMY INTERVENTION IN LAUNDRY STRIKE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to address a question to the Associate Minister of National Defence. In view of the fact that Rainbow Laundry and Dry Cleaners in Regina have been dismissing union members over contract negotiations and a strike has ensued, will the minister inform the house whether the army will respect the picket line and cease delivering laundry to the plant involved?

Hon. Pierre Sevigny (Associate Minister of National Defence): Mr. Speaker, although the hon. member gave notice earlier today of his intention to ask this questions, for which I thank him, it has not been possible in the time available to obtain the full particulars in this case without which I am unable to give the assurance the hon. member requests.

[Mr. Hamilton (Qu'Appelle).]

However, I would say that we do respect at all times the legitimate rights of union members, and it is not one of the functions of the armed services to act to strikebreakers or in any way impede duly authorized and legal actions of any properly qualified labour union.

Mr. Argue: Do I take it from the minister that he will now inquire into the situation and report at a later date?

ROYAL CANADIAN MOUNTED POLICE

WAS SECRET FILE MADE AVAILABLE TO TORONTO NEWSPAPER?

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct a question to the Minister of Justice. Will the minister confirm the statement appearing in last night's edition of the Toronto *Daily Star* to the effect that a secret R.C.M.P. file on communist subversive activities within Canadian unions was made available to a Toronto newspaper?

Hon. E. D. Fulton (Minister of Justice): No, Mr. Speaker, I certainly will not confirm that statement. I am advised by the R.C.M.P. that there is no record, and no knowledge on their part, of any files having been shown to any unauthorized person. It is not the policy of the R.C.M.P. or of the government that any official document of any kind be made available to unauthorized persons.

Mr. Hellyer: Could the minister say whether it is true that the R.C.M.P. did confirm the accuracy of the details which were published by a Toronto newspaper in respect of alleged undercover activities?

Mr. Fulton: If I understood the question correctly I think the answer would be no, there was no confirmation. I do not know to what article the hon. member refers. I think I had better have a look at the question in *Hansard* and give a reply later, if it can stand over until after Easter.

Mr. Hellyer: Perhaps I could rephrase the question. It is alleged that the newspaper article was given to the R.C.M.P. to check for accuracy before it was published.

Mr. Fulton: By the newspaper?

Mr. Hellyer: The question is, would the R.C.M.P. have checked a newspaper article before publication to verify its accuracy in respect of details contained in private and secret documents?

Mr. Fulton: This seems to me to be a hypothetical question containing a number of allegations, as to the accuracy of which I have to express some doubts.

Inquiries of the Ministry

AIR TRANSPORT

CANADIAN PACIFIC AIR LINES—REQUEST THAT OVERHAUL WORK BE DONE IN CANADA

On the orders of the day:

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, yesterday in answer to a question asked of me the day before by the hon. member for Port Arthur I gave a reply respecting the overhaul work that was alleged to be done outside of the country for Canadian Pacific Air Lines. I am afraid that in my answer yesterday I did not give accurate information. Therefore, in fairness to all concerned, I should say that I have been assured by the president of Canadian Pacific Air Lines that it is the company's practice to do its engine and airframe overhauls in its own plant at Vancouver.

In 1957 a total of three airframe overhauls were accomplished in Hong Kong and Amsterdam. This is a very small proportion of Canadian Pacific Air Lines overhaul requirements. These overhauls were made only because the facilities and personnel to perform this work were not available in Canada at the time.

In fact, according to what the president of Canadian Pacific Air Lines tells me, in order to keep its maintenance and overhaul facilities fully occupied the company ensures wherever possible that in cases where it leases aircraft to a foreign carrier, the aircraft shall be returned to Canada for necessary overhaul work. Such instances involve carriers in Lebanon, France and the United States. The president of C.P.A. points out that the company does not carry out 85 per cent of its overhauls outside of Canada, nor does it require any incentive to do its overhaul work in Canada.

THE BUDGET

INQUIRY AS TO DEADLINE FOR HEARING REPRESENTATIONS

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to direct a question to the Minister of Finance. Will the minister indicate to the house whether he has yet established a deadline date by which time he hopes to complete hearing delegations making representations in respect of the main budget?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I hope to complete the hearing of the delegations by the end of next week, April 8.

THE CENSUS

INQUIRY AS TO RECRUITMENT OF WORKERS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, the answer to question 236 regarding the census procedures was so cryptic that I should like to direct another question to the parliamentary secretary. Will the parliamentary secretary to the Minister of Trade and Commerce advise members who have requests from constituents regarding census enumerator jobs whether these job requests should be directed to them, to the national employment service or to the local constituency officials of the Progressive Conservative party?

Mr. E. L. Morris (Parliamentary Secretary to the Minister of Trade and Commerce): The answer to that is not cryptic at all. The commissioners of each census district are entrusted with the recruitment of enumerators, and members of parliament may send these names to the commissioners.

Mr. Fisher: Are any steps being taken by the department to encourage the employment of university students on this survey this year because of the shortage of jobs for university students in the general economy?

Mr. Morris: Without agreeing with the qualification that there is a shortage of jobs for university students, university students and all others who are qualified would be encouraged to apply for work as census enumerators. There are very many required, as I said in answer to the question. This time there is no disqualification procedure such as there was before.

Mr. G. J. McIlraith (Ottawa West): May I address a question to the parliamentary secretary to the Minister of Trade and Commerce. How many census commissioners have been appointed?

Mr. Morris: Of the 1,336 required, 1,307 have been appointed.

(Translation):

PRIVILEGE

MR. ENGLISH—REFERENCE TO REMARKS IN DEBATE ON MARCH 27

Mr. Roland English (Parliamentary Secretary to the Minister of Fisheries): Mr. Speaker, I rise on a question of privilege. The question of privilege arises out of statements made in this house on March 27, 1961 by the hon. member for Laurier (Mr. Chevrier). I would like to refer to some of his remarks which can be found on page 3375 of *Hansard*, and I quote:

Inquiries of the Ministry

(Text):

Mr. Speaker: Order. Before the parliamentary secretary proceeds perhaps he would indicate why he has not raised this matter earlier. I take it that his question of privilege arises out of something said in the house on Monday, March 27. Was the hon. member not here then, and had it not come to his attention before now?

(Translation):

Mr. English: Mr. Speaker, I rise on a question of privilege because, according to the statement of the hon. member for Laurier, there was a dismissal for political reasons, which affects me—

Some hon. Members: Order.

Mr. English: —because it happened in my constituency of Gaspe. I would like to quote part of what was said, Mr. Speaker, and you will see that I am really affected in this matter.

I quote:

> Mr. Chairman, I should like to deal with a subject coming under item 167 which deals not only with the civil service commission but with the Department of Transport as well. I am going to try and be as brief as possible in order not to delay this item.
>
> I have here a letter from Riviere-Madeleine. A man named Josephat Ste. Croix, assistant lightkeeper on Anticosti island, has been laid off.

That man was not on Anticosti island, but in Gaspe. I must put the facts right.

(Text):

Mr. Speaker: Order. I think the hon. member will have to come to the point if he wants to continue. If there is a serious reflection on his activities giving rise to a question of privilege, and which stems from the statement made by the hon. member for Laurier on Monday, perhaps he would indicate what reflection on his conduct there is which warrants the time of the house being taken now, at this late date.

(Translation):

Mr. English: Mr. Speaker, the hon. member for Laurier has suggested to the house that it was purely a political dismissal, and even in today's issue of *La Presse,* we find this:

> Lightkeeper fired for political reasons.

Mr. Speaker, I wish to state to the house that there were no politics involved, and I feel I have the right to inform the house in this respect.

(Text):

Mr. Speaker: Order. I think the hon. member is perhaps stretching things to find that it refers to him, because it seems to me what was said was a general statement that there had been political considerations. However, the hon. member has given the assurance he intended to give to the house, and I expect the matter can be considered to be disposed of.

(Translation):

HISTORICAL SITES AND MONUMENTS

OLD FORT CHAMBLY—CORRESPONDENCE AS TO RESTORATION

On the orders of the day:

Mr. Maurice Johnson (Chambly-Rouville): Mr. Speaker, I wish to direct a question to the Minister of Northern Affairs and National Resources. Could the minister inform the house whether he recently received from the "Societe Historique de la Vallee du Richelieu" or from its chairman, Mr. Leo Leblanc, letters, requests or other representations relating to the restoration of the old fort of Chambly?

(Text):

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, I thank the hon. member for giving me notice of this question. I have had an opportunity to check into the matter. There have been no representations concerning the restoration of old Fort Chambly from "La société historique de la vallée du Richelieu", nor from the chairman of that organization.

NATIONAL DEFENCE

INQUIRY AS TO POSSIBLE REALIGNMENT OF POLICY

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Associate Minister of National Defence. Following President Kennedy's announcement yesterday of a realignment of the defence policy of the United States, will the minister say whether we can expect a realignment of the defence policy of this country to bring it into conformity with the real situation existing in the world today?

Hon. Pierre Sevigny (Associate Minister of National Defence): Mr. Speaker, the hon. member for Trinity is quite familiar with the course that has been followed by the Department of National Defence. May I also remind the hon. member that Canada is a sovereign nation and makes its own decisions without being influenced by other nations.

Mr. Hellyer: Since when?

SUPPLY

The house is committee of supply, Mr. Rea in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Mutual aid—

708. Contributions to infrastructure and military costs of the North Atlantic Treaty Organization—further amount required, $740,000.

The Deputy Chairman: Is the committee ready for the question on the amendment?

Mr. Martin (Timmins): Mr. Chairman, before I conclude my few brief remarks on the amendment I should like to turn for a moment to certain statements made by the Minister of Finance last night. As found on page 3445 of *Hansard* the minister said:

> Let me ask the committee to consider one or two facts in this regard. First, think of what Europe was like—

That is clear proof out of the mouth of the minister himself that although we should be looking ahead with regard to this matter, he is actually looking back ten years. The minister also made another statement with which I should like to take issue at this time. As found at the top of page 3446 he said:

> —that Canada can withdraw, live unto herself and take the attitude of a pious nation that has no great concern with the problems of other nations a little closer to the areas of aggression in the world today?

I think this is very unfair on the minister's part. There was nothing in the amendment moved by the hon. member for Assiniboia or in the remarks he made that indicated in any way that the intent of this party is that Canada should withdraw unto itself, as the minister said. The hon. member for Assiniboia stated very clearly and distinctly, and I reiterate, that there is nothing either neutralist or pacifist about the stand of this party on this matter.

There is another point with which I should like to take issue. It is found in the remarks of the Leader of the Opposition, who tried to give the house his interpretation of our intentions. As found on page 3448 of *Hansard* he said:

> That is a far-reaching extension of policy when the party on my right said that they did not want the German republic to take any part in the development of the Atlantic community.

There was nothing in the remarks of the national leader of the C.C.F. party, the hon. member for Assiniboia, that could give rise to such a comment. There was an interjection by one member of this group who objected to the fact that people like Speidel, a former nazi general, were playing such a prominent role in the NATO forces at the present time, but that has nothing to do with the German republic. Apparently this party, unlike the Leader of the Opposition, has just as much suspicion of the nazis as we had 20 years ago when we were fighting. To rectify this distorted version of what the amendment means I should like to deal with it specifically.

What it means is that our concern is not sectional. Ten years ago the situation in the world was such that the world was dominated by two giant powers, and at that time this party fully supported NATO. We took our place where we felt we should be. Today, however, we see a third force growing in the world which is becoming stronger and stronger every day. It is a force of uncommitted nations who do not have too much patience with either of the two giants who dominated the situation ten years ago.

We have noticed, Mr. Chairman, that this new group of emerging nations has strongly resisted any attempt to line upon either side. These uncommitted nations are not in NATO or, in fact, in any other military regional alliance of this sort. These new nations are desperately in need of leadership and assistance, such as a country like Canada can give. This is the reason we moved this amendment. We feel we cannot go on any longer shutting our eyes to the facts of life.

We believe in collective security, but we believe in it on a universal scale such as the United Nations and not on a regional basis such as we have it under NATO. Times change, and we feel that if we are going to keep up with the times we must reappraise our position from time to time. Before I close, I should like to give a brief illustration of just how much times can change. I should like to refer to some excerpts from an address given by Professor Watson Kirkconnell at the 1960 maritime universities student parliament in Halifax. I see the hon. member for Halifax is here, as well as the hon. member for Trinity, and I believe they were both present at the time the professor gave this address.

Professor Kirkconnell was speaking of how times do change and he said:

> The vagaries of the press in these matters are aptly satirized by a recent strip in the Chicago *Tribune*:
>
> 1898: Those bad Spaniards who have bull fights.
>
> 1904: Those dirty Russian bullies, jumping on those fine little industrious Japanese.
>
> 1914: Those horrible Germans, those fine, friendly, simple-hearted Italians, those helpful Japanese allies.
>
> 1941: Those dirty and cruel Germans and Italians, those fine simple, kindly Russians, those nasty Spaniards who are cruel to animals, those fine, dependable, honest Chinese, those heartless and brutal Japanese.
>
> 1951: Those dirty grasping Russians, those fine Italians, those brave and hard-working Japanese, those industrious and brave Germans, those fine Spaniards, those treacherous Chinese.

This excerpt shows how quickly things can change, even within a short period of ten years. We would like to restate that this amendment does not represent a negative move so far as we are concerned. We feel that this is the only right, positive move that we can make today if Canada is going to take its proper place in world affairs.

Amendment (Mr. Argue) negatived: Yeas, 5; nays, 91.

Item agreed to.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

Water resources branch—

715. Construction of a fishway on the Yukon river at the site of the hydroelectric power development being constructed by the Northern Canada Power Commission for the Whitehorse area, $5,290.

Mr. Hellyer: I wonder, Mr. Chairman, if the minister could tell us what type of fish there are in the river, and whether they are commercial fish or game fish for which these facilities are being provided?

Mr. Fleming (Eglinton): I am told that the fish is salmon and it is commercial fishing so far as the Indians are concerned.

Item agreed to.

POST OFFICE

719. Transportation—movement of mail by land, air and water, including administration—further amount required, $1,232,000.

Mr. Fisher: I should like an explanation of this vote.

Mr. Fleming (Eglinton): Vote 719 embraces two items of additional amounts required to meet expenses arising out of (a) new services and extension of mail services by land, $1,070,000; (b) increased volume of domestic and international mail carried by air, $162,000. The total amount is $1,232,000.

Item agreed to.

PRIVY COUNCIL

Special—

720. Expenses of the royal commission on railway problems—further amount required, $10,800.

Mr. Hellyer: Can the minister tell us when the report of the commission is likely to be available?

Mr. Fleming (Eglinton): I have no information to add to that imparted to the house within recent days by the Prime Minister in reply to a similar question.

Mr. Fisher: We have the promise of both an interim report and a final report by this royal commission. I should like very much to know when the final report of the royal commission is likely to be available rather than the interim report.

Mr. Fleming (Eglinton): I cannot add anything to the answer I just gave to the hon. member for Trinity.

Mr. Pearson: Mr. Chairman, we were informed in the house some months ago that during the period which had been established by legislation for the postponement of the railway strike, the royal commission dealing with this matter, and the one we are discussing now, would make a report. I believe the report was expected by the end of March, and that report was to contain a recommendation which would make possible, it was hoped, the solution of the dispute which nearly brought about a strike last December.

What the committee would like to know is this: Will the interim report which the Prime Minister stated would be available in the early part of April contain a recommendation bearing on this dispute which would make possible a solution of this problem before the end of the period established by law within which a strike is not possible? Can the minister throw any light on that?

Mr. Fleming (Eglinton): Mr. Chairman, the committee is aware of the questions that have been asked on this subject, and the answers that have been given to those questions by the Prime Minister. The Leader of the Opposition is referring to a statement made in the house by the Prime Minister several months ago and in which he indicated that the information conveyed to him by the chairman of the royal commission was to the effect that the report of the commission would be tendered by the end of March. Further follow-up questions have been asked on this subject more recently and the Prime Minister has answered those questions. The last answer was given, as I recall it, within the last ten days. In it he indicated that a report was expected from the commission I think within a few days from this time. I think I can give the Leader of the Opposition the reference to the Prime Minister's answer.

Mr. Pearson: I remember the answer.

Mr. Fleming (Eglinton): At page 3126 of *Hansard* of March 20 the Prime Minister is reported as having said this:

> I am now advised by the assistant secretary to the royal commission that the chairman, Mr. MacPherson, has stated that the first volume of the findings of the royal commission on transportation will be available early in April.

Mr. Fisher: Mr. Chairman, I should like at this time to make some comments on this royal commission and its work. I have been bitterly disappointed, as one very much interested in transportation problems, in the way in which this commission has been conducted. I say this not as any criticism of the members of the commission or of the secretariat. However, we have a most paradoxical situation. The government is waiting for a report because this report is to give us a solution for a management-labour crisis. Yet

at the very first hearing when the commission was starting here in Ottawa I was a spectator and I noted that at this hearing it was made clear that the royal commission was going to keep completely away from the problem of railway labour.

We get all kinds of ironies and paradoxes. We have had one very recently in connection with the uranium industry. Here we have an almost classic one, namely that of a royal commission that on its very first day deliberately eschewed any responsibility or any interest regarding the labour side of railway problems. Yet we are waiting for their report as the solution or the advice to the government by means of which to get us out of one of the worst labour-management snafu's we have had in Canadian railways.

It seems to me that this was most unfair to the commission because, from my observation of the commission during its earlier hearings and through following the evidence, I believe that the decision to keep labour matters out of the commission sittings was taken at the advice of the executive. Here we have a commission that started with one complete part of railway operations outside of its jurisdiction; and the other even more contentious issue, namely that of the Crowsnest pass rates, was deliberately ruled out as an issue more specifically by the Prime Minister in his statement in which he set up the commission. Yet while facing one of the worst crises that the railways have had in Canada not only with regard to freight rates but with a strike deadline on May 15, we are waiting with bated breath for a report by a commission that has deliberately stayed away from labour problems.

I feel that very rarely have royal commissioners been put or placed themselves in such a peculiar position. I was critical right at the start of the number of people who were on this commission. The royal commission a decade ago was concentrated really in three men. This commission has been larger and it seems to me that an almost impossible burden has been placed upon these commissioners over the period since they got started. It seems to me that such an unwieldy group of commissioners makes it very difficult to hope for coherent and consistent reports. I do not know whether we shall have minority reports from the commission. However, it seems to me that this is an example of the wrongful use of a royal commission. The report and the use that government indicates it is going to make of it—that is as some kind of solution to the problem—can only be an interim one since obviously this commission did not deal with the whole range of railway or transportation problems that was dealt with by the royal commission a decade ago. Anyone of us looking back at that old royal commission will agree that in the majority or minority reports or special memoranda prepared by Dr. Angus and Dr. Innis, we have an insight into and a conception of our railway problems a decade ago that were most useful to everyone. I do not see how we can possibly get them from this particular royal commission.

I should just like to underline the fact that we have perhaps the worst railway crisis of our history facing us within a month or a month and a half and everything about it seems to hinge upon this royal commission report. When we had the maintenance of operation bill here before us early in December the Prime Minister indicated that negotiations were going to continue in the interim and that strenuous efforts were going to be made to solve the deadlock. Instead, at least according to word from the people in the unions, no progress at all has been made. Negotiations in effect are a dead issue at the present time. The railways are hard and fast in the position in which they were last December and so are the unions. So far as we know the government has been waiting all this time for this royal commission interim report that has not yet been received. It seems to me that on a domestic issue this is brinkmanship of a kind that we should not expect from a government that has had three years in which to survey transportation problems.

There is nothing we can do at this time to express our displeasure at or our low opinion of this kind of approach to transportation problems. However, I feel that we in our party should express right now what is almost our dismay at what we are faced with in the transportation field within the next six weeks and the complete lack of any indication as to how we are going to get out of it on any kind of reasonable basis.

The Deputy Chairman: Shall vote 720 carry?

Mr. Pearson: Mr. Chairman, I think the hon. member for Port Arthur has made a strong case for a statement from the minister which will, as he hopes, throw some light on this extremely important and indeed extremely dangerous situation; and one which is, so far as we know, completely frozen having regard to relations between the railways and the workers. No doubt one reason why it is frozen is that we were told that it could not be unfrozen until this royal commission had made a report in which would be included recommendations which might be effective in dealing with this matter.

As my hon. friend has just pointed out this is a royal commission which told us

earlier that it was not going to deal with this specific matter. I think we should ask the minister whether the royal commission since that time has been requested to deal with this matter in such a way that it might be able to produce recommendations or proposals which will have a bearing on the solution of this situation which will confront us again, I believe, on May 15th.

That is one question. The other is that in this interim report, the first report which has been promised for early in April—and the Prime Minister referred to this in his statement the other day—might be nothing more than a progress report. We do not know. It would be very useful indeed to get some assurance that this first report is not merely to be a formal progress report but is to include in it provisions, recommendations or proposals which will have a bearing on this group and which can be used in a way which will avoid the possibility of a crippling strike on May 15 when the legislation passed last December for preventing such a strike comes to an end.

Mr. Fleming (Eglinton): Mr. Chairman, the committee is well acquainted with the terms of reference of this royal commission. It was a royal commission appointed to investigate the inequities in the freight rate structure. There were also other matters referred to the commission, such as the possibilities of achieving more economical and efficient railway transportation, whether and to what extent the Railway Act should specify that the assets and earnings of railway companies in businesses and investments other than railways should be taken into account in establishing freight rates, and related questions.

Without going back over the ground that was thoroughly traversed in a debate on a government bill in this house several months ago during the present session, I remind hon. members that it was because of the fact that the royal commission is dealing with something that is of the utmost importance to the whole question of railway revenues that it has such a direct relationship to the ability of the railways to meet the demands of employees for increased earnings. That was the relationship.

It is not necessary, if I may say so, to belabour the commission for not entering into this labour dispute. That was not a subject referred to the royal commission and they could not properly have considered it. The subject referred to them is related to railway freight revenues; it was the companies that took the position that they required additional revenues, that they simply could not meet the demands.

[Mr. Pearson.]

In the face of this situation it pleased parliament to pass certain legislation in expectation that the report, when received, would have a direct bearing on this question of the revenue position of the railways.

I think the whole matter is fully understood. I believe we are in very grave danger at the moment of going back and trespassing on the debate which took place at an earlier stage of the present session, after which debate the house passed certain legislation.

Mr. Fisher: Mr. Chairman, would the minister then agree that the title "royal commission on railway problems" is a bit of a misnomer and that this might have been called a royal commission on railway revenues or a royal commission on freight rates, but hardly a royal commission on railway problems in the general sense?

I say this because surely the toughest problem facing the railways and their employees today is the question of some kind of a standard for the employees' wages.

I remember the reason, excuse or apology given for the royal commission not going into labour problems. It was that negotiations were taking place between the managements and the union. One of the reasons given was that the royal commission would be entering into something that was being negotiated.

I should like to point out to the minister that the last royal commission on transportation did try to come up with some idea of a yardstick that could be used for railway employees. In so far as the Milvain hearings and report are concerned, I imagine the C.N.R. and C.P.R. spent pretty close to $200,000 trying to introduce, through a study made by Woods Gordon, a comparability of wage rates and job classifications between railway workers and comparable workers in other industries.

As it happened, their whole approach was dynamited. The Woods Gordon report was in effect practically laughed out of the hearings. In his report, Mr. Justice Milvain dismisses it very curtly in a few sentences. It is intriguing to me that so much money was paid to this great consulting firm in order to produce this report.

I insist that this is the key to railway problems at the present time. It is not the question of freight rates, and it is really not the over-all question of revenue. It is, what kind of yardstick are we going to apply for railway labour? It is apparent that unless we change our whole conception of railways in Canada, very many jobs performed by the railways are not going to be remunerative, in the normal revenue sense, in comparison with any kind of private enterprise on a competitive basis. I wish to underline

that we are not going to come to any practical solution from this royal commission on the real problem that we face at the present time.

I do not wish to take up any more time on this matter, but I should just like to point out to all hon. members of the committee that we are going to be faced with a crisis period when we get back here after Easter, and it will concern transportation problems. What always happens, and what I am afraid of, is that when the threat of a strike hangs over the country the people who are going to get it in the neck are the railway workers, because the antipathy to strikes as a whole hides the fact that the railway workers have a real case for an adjusment in their wage rates.

I think this fact needs to be pointed out. I hope the railway workers themselves will tighten up their discipline, and improve their solidarity and will be prepared to face a strike on May 15, despite the fact that in the crisis period after we return we will go into these problems and there is no doubt that public opinion will be worked up so as to place railway workers in an invidious position.

I am sorry to have spoken so long, Mr. Chairman, but it seems to me we are going to land back here with a really big problem in our laps, and I think the people who are going to take the real kicking on it—and we should have sympathy and consideration for them—are the railway workers, largely as a result of an inactive and ineffective government policy on railways.

Mr. Pearson: Mr. Chairman, I do not wish to hold up this matter, but I have one final observation to make. The hon. member who has just spoken has said that unless this problem of transportation which faces us is solved shortly we will indeed be facing a major crisis, because the deadline date is May 15 and we will soon be in April.

We on this side of the chamber are not belabouring the royal commission, as my hon. friend the Minister of Finance suggests, it is the government which has burdened the royal commission with certain responsibilities related to this labour dispute. These are responsibilities which the royal commission certainly did not anticipate when it was set up. This has been done by the government itself in connection with the dispute of last autumn, which was temporarily settled, but only temporarily, by legislation.

During the discussion of that legislation the Prime Minister himself said that all that was being done was to postpone the strike, and no rights were being denied anybody.

In the discussion on November 30 the Prime Minister is reported as having said:

There is a postponement—

It is only a postponement—

—because of the action of the government to preserve the equality of all parts of Canada—

That is, with respect to freight rates:

—until equalization has been provided for as a result of the recommendations of the royal commission.

There it is. The royal commission has been given that responsibility. We are entitled to ask, and we do ask whether in this first report—it may be the only report before May 15, in all likelihood it will be the only report made before that date—recommendations will be made, as stated by the Prime Minister, to provide for equality of all parts of Canada. If that is not the case, then how is this matter going to be provided for, as the Prime Minister said it would be provided for, before the date of May 15 after which, if no solution is found meanwhile, a strike can take place?

Mr. Fleming (Eglinton): I cannot say what will be the precise contents of the report. It will be received in due course, as the Prime Minister has indicated. I think that would be the proper time, when all hon. members have the report and have perused it, to discuss the contents of the report and whatever recommendations it may contain.

Item agreed to.

722. Expenses of the royal commission on the Great Slave Lake Railway—further amount required, $2,150.

Mr. Pearson: I wonder whether the minister would give us some information about the work of this royal commission on the Great Slave Lake Railway for which we are asked to make a further appropriation? Is this work completed?

Mr. Fleming (Eglinton): Yes, the work is completed and this small sum is required to pay the final accounts.

Mr. Pearson: The work then has been completed and the recommendations have been made by the royal commission, and the minister says that this item is needed to tidy up the expenses of that commission. May I ask whether any decision has been taken by the government regarding the recommendations made by that royal commission as to the route of this railroad?

Mr. Fleming (Eglinton): That information will be fully given to the house in due course.

Mr. Baldwin: I would like to take just one moment to say, in respect of the recommendations, that I was up in this country just recently and am pleased to advise the committee that there is at the present time a full location survey taking place, and that

promptly following the commission's recommendation they were implemented. After the estimates in this regard had been passed last December, survey parties commenced working in the area and I understand that the information gathered at that time confirmed the reports of the commission and the action of the government in implementing the commission's recommendation.

Item agreed to.

SECRETARY OF STATE

Public printing and stationery—

723. Printing of *Canada Gazette*—further amount required, $17,000.

Mr. Hellyer: I wonder whether the minister could tell us if this increased cost is due to a greater number of orders in council that had to be printed?

Mr. Fleming (Eglinton): No, there was more printing cost.

Item agreed to.

724. Printing and binding the annual statutes —further amount required, $3,000.

Mr. Hellyer: In respect to this item I wonder whether the minister could say whether the additional amount required is due to an increase in cost or to an increase in laws passed?

Mr. Fleming (Eglinton): It is due to an increase in cost because of the increased volume of printing of statutes passed.

Item agreed to.

725. Reimbursement of the Queen's printer's advance account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $41,467.

Mr. Fisher: I think we should have a little more information than is contained in the details of this particular item. I think I understand how this is done but could we have some details as to the type of material that has become obsolete, lost or destroyed?

Mr. Fleming (Eglinton): This is an annual write-off item. The sum involved here is $41,467 and is made up of the following items to be written off inventory as obsolete or unserviceable, and there are five of them. The first is the Winnipeg printing unit, substore No. 653, $41.01. The second is purchasing, procurement and stores—Hull, inventory No. 112, $28,356.69. The third is the Edmonton printing unit, $352.98. The next item is the outside printing production branch, St. Patrick street, Ottawa, inventory No. 663, $10,268.43, and the last item is procurement purchasing and stores, Hull maintenance store No. 620, $4,488.11, totalling $43,507.22.

Mr. Fisher: Two or three of these items seem to be fairly substantial. I do not have the figures here to check, but could the minister indicate whether this write-off is about average for a year or is higher than normal?

Mr. Fleming (Eglinton): This figure fluctuates materially from year to year. In the fiscal year 1956-57 the amount of this item was $123,326. That was unusually high but there was a fire at the Edmonton operations that year, and two other items as well were involved. In 1958-59 the figure was $14,573, so it is quite clear that this fluctuates from year to year.

Mr. Fisher: I can understand that forms which go out of date from year to year are destroyed, such as the census forms which were printed and then superseded because of protests by hon. members from the province of Quebec, but could the minister tell us if most of this loss or destruction is related to forms, or printed material such as actual publications?

Mr. Fleming (Eglinton): I am informed that this item embraces stores and equipment, and included in the write-off are forms that have become out of date and are no longer in use.

Mr. Fisher: Would the added expense of printing new census forms and the destruction of the old be included in this item or would it come under a departmental item?

Mr. Fleming (Eglinton): I am informed that the cost of the new census forms does not enter into this present item.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Public buildings construction and services—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects,—further amounts required—

726. Nova Scotia, $1.

Mr. Fisher: I would like to know in each of these cases in which constituency the particular structure is?

Mr. Fleming (Eglinton): In regard to item No. 726, the location of the post office is at Bras d'Or. I do not have the information regarding the relationship of the locations of these various works to federal or other constituencies, but perhaps if I give the hon. member the geographic locations he will be able to relate them to the constituencies.

Mr. Fisher: I just wanted to make sure that they were all located in constituencies represented by members supporting the government. I looked hopefully to find if some

of them were located in constituencies represented by opposition members.

Mr. Fleming (Eglinton): The building in item 726 is located in Nova Scotia. The building in item 727 is located in Manitoba, and I am happy to say that there are none but government members from those two provinces. The building in 728 is located in Saskatchewan and unless it happens to be located in the riding of Assiniboia I think it would be a safe inference that it is located in a riding worthily represented by a supporter of the government.

Mr. Fisher: I would like to point out to the minister that the ratio of opposition members to government members is roughly one in four, and I hoped surely one in four of these locations would fall in a constituency represented by an opposition member, by the rules of the game, but I can perhaps assume that the minister of this particular department did not receive representations from opposition members regarding these extra estimates.

Mr. Fleming (Eglinton): I can assure the hon. member that the government proceeds according to need of the buildings and not with regard to those extraneous considerations to which he has adverted.

Item agreed to.

National capital commission—

731. Interest charges on outstanding loans that were made for the purpose of acquiring property in the national capital region—further amount required, $140,000.

Mr. McIlraith: I would like to ask one or two questions about this item. The particulars carried on page 25 of the supplementary estimates read as follows:

Deficiency resulting from a short-fall in estimated revenues from the rental of properties and interest income—

I wonder whether the minister would give us the rate of interest paid on these loans? I presume they are loans from the government. Then, will the minister give us any information he may have available as to how it happens that there is what appears to be a large deficiency in the rentals?

Mr. Fleming (Eglinton): The rate of interest on these loans varies from 4 per cent up to 5¾ per cent.

As to the second question, may I point out that the deficiency which this item is intended to cover does not arise out of any increase in the interest charge to be made but out of a disappointment in the revenues from rentals which are applied as against the interest. These rentals are from properties in the hands of the national capital commission. This year they were estimated at $311,000. It is now estimated that they will yield only $163,000.

Item agreed to.

ROYAL CANADIAN MOUNTED POLICE

Land, air and training divisions—

732. Operation and maintenance—further amount required, $224,500.

Mr. Brassard (Lapointe): I have just one question on this item. Can the minister give us a breakdown on the increase, or at least some reasons for the increase shown in this item?

Mr. Fleming (Eglinton): Yes, Mr. Chairman, with pleasure. There are four items which compose the total of $224,500. First, there are the increases in medical rates effective August 1, 1960, and an increase in the number of members receiving medical and dental services from the Department of Veterans Affairs. That amounts to $70,000.

Second, there is the increased requirement for removal expenses owing to a change in the marriage regulations. The removal expenses amount to $100,000; third, freight, express and cartage, $30,400; fourth, sundry investigation expenses, $24,200, making a total of $224,500.

Item agreed to.

DEPARTMENT OF TRANSPORT

Marine services—

Aids to navigation—

738. Administration, operation and maintenance —further amount required, $46,130.

Mr. Fisher: Can the minister tell the committee whether any of these extra expenditures are going into the great lakes system?

Mr. Fleming (Eglinton): Mr. Chairman, this sum of $46,130 is the balance required for the removal of three derelicts. I do not think the hon. member wants to claim one of those for his area. One of them was removed from Montreal harbour, another from Midland harbour and a third from a government wharf at New Campbellton, Nova Scotia.

Item agreed to.

Railway and steamship services—

741. Canadian National Railways deficit, 1960—amount required to provide for payment to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport, made by the national company to the Minister of Finance, and to be applied by the national company in payment of the system deficit (certified by the auditors of the national company) arising in the calendar year 1960, subject to recovery therefrom of accountable advances made to the national company from the consolidated revenue fund, $67,496,777.

Mr. Fisher: Mr. Chairman, this is a staggering sum. Surely we should not pass it without at least some comment or explanation. Can the minister indicate to us what was the projected deficit last year as compared with the actual deficit?

Mr. Fleming (Eglinton): The 1959 deficit was $43.6 million. Last year the C.N.R. deficit was $67.5 million, which represents an increase of $23.9 million.

Mr. Fisher: As I recall the railway practice, some indication is given by the president of the railway as to what the picture is going to be in the next year. I want to know whether this $67 million deficit is high or low?

Mr. Fleming (Eglinton): It is very high.

Mr. Fisher: Has the minister any explanation of this other than that we can turn to the annual report of the president?

Mr. Fleming (Eglinton): The annual report has recently been tabled, Mr. Chairman. In it the president draws attention to the contraction in the volume of railway freight business.

Mr. Fisher: Can the minister give us assurance that the government brings this forward without any hesitation and generally approves of the management of the railway which has resulted in a deficit of this size?

Mr. Fleming (Eglinton): All I can say is that the deficit has been incurred; there can be no question about that, and it must be paid. Therefore, we are asking parliament to make provision for the payment. The deficit in question has been incurred.

Mr. Fisher: The minister would not care to comment on whether the government is satisfied with the actual level of the deficit; that nothing could have been done in the past year to make the deficit lower?

Mr. Fleming (Eglinton): Naturally, Mr. Chairman, the extraordinarily large size of this deficit is a matter of very keen disappointment alike to the management of the railway and to the government. It is substantially more than the management had anticipated when they furnished an estimate to me a year ago. It was one of the elements entering into my forecast of the budgetary position of the government for the present fiscal year, and when I brought in the supplementary budget on December 20 I drew attention to the fact that one of the factors which had disappointed my hopes of a balanced budget, with a modest surplus, and turned those hopes into the certainty of a budgetary deficit this year, was this matter of the C.N.R. deficit.

[Mr. Fleming (Eglinton).]

Mr. Fisher: Does this not raise in the minister's mind the question of the efficiency of the management of this particular concern?

Mr. Fleming (Eglinton): No one can view this large deficit without being concerned about the whole operation. This is not to say, however, that the responsibility for the deficit should be attributed to some mismanagement. The fact is that the Canadian National Railways are expected to carry on operations on a very large scale and, in the face of a contraction of railway freight, it is not possible for railways quickly to adjust their budgetary position. There is a good deal of inflexibility in our railway structure in Canada. The companies operating railways are not in a position to make quick adjustments to meet the financial situations that they face in consequence of fluctuations in the volume of railway traffic.

In this particular case the management has suffered a disappointment in its hopes and indeed in its forecast of its operating position for 1960. They did expect a very much better result when they surveyed the situation in 1960 and made their first estimate of the probable results of operations.

Mr. Fisher: Perhaps I could just close my remarks by saying I am sure the minister would not mind me at least expressing my doubts about the efficiency of the management of the Canadian National Railways in the light of this deficit.

Mr. Hellyer: Will the minister say whether the government has in mind any plans to merge the two railway systems?

Mr. Fleming (Eglinton): I am sorry, I did not catch the first part of the hon. member's question.

Mr. Hellyer: Can the minister say whether the government has any plans ultimately to merge the two railway systems in Canada?

Mr. Fleming (Eglinton): No, Mr. Chairman. I may say with regard to this subject in general that, as usual, this matter will be before a sessional committee and the officials of the Canadian National Railways will be appearing before that committee to answer questions on the 1960 operations.

(Translation):

Mr. Deschatelets: Mr. Chairman, may I take only a few moments of the time of the house, under item 741 of the supplementary estimates, to say a few words on a matter that was raised by the hon. member for Laurier (Mr. Chevrier) on March 13 last. It dealt with the 160 C.N.R. employees who will be laid off shortly unless the Minister of Transport (Mr. Balcer) makes less timid

representations than he has made so far, in order that these employees, which include some older people, will not be thrown out of a job following the vacating by the C.N.R. of two buildings that have been sold to the government of the province of Quebec.

If unemployment is everyone's responsibility, the Minister of Transport in this case has a moral responsibility to make every effort to prevent the lay-off of these 160 employees.

I leave it at that for the time being, but we shall be watching closely what the minister will do for these workers, and I hope the Minister of Transport will see that they are protected and are not thrown out on the street.

Mr. Fleming (Eglinton): Mr. Chairman, that is a matter that the committee of the house will have an opportunity to consider.

(Text):

Item agreed to.

General—

743. Trans-Canada Air Lines deficit, 1960—amount required to provide for payment to Trans-Canada Air Lines (hereinafter called the company) upon applications approved by the Minister of Transport, made by the company to the Minister of Finance, and to be applied by the company in payment of the deficit (certified by the auditors of the company) arising in the calendar year 1960, subject to recovery therefrom of accountable advances made to the company from the consolidated revenue fund, $2,607,350.

Mr. Hellyer: Can the minister say to what extent the deficit shown here was due to the competition from the once-a-day flights of Canadian Pacific Air Lines?

Mr. Fleming (Eglinton): I do not think one can isolate any one factor in this regard to connect it with the results of the year's operations. The fact is that Trans-Canada Air Lines anticipated a deficit this year of $2½ million. It proved to be slightly larger relatively. The figure is $2,607,350.

Mr. Fisher: Can the minister make a distinction between the forecast on the railroad side and the forecast in the case of Trans-Canada Air Lines? He has pointed out that Mr. McGregor's forecast was much closer to accuracy than that put forward by Mr. Gordon. The minister indicated earlier that the impact of economic circumstances explained the disappointing results in the case of the C.N.R. Can we take it that economic circumstances were less hard upon Trans-Canada Air Lines? If there is a recession one would assume it would affect both modes of transportation. I just wondered what reason the minister would give for the difference in the accuracy of the forecasts.

Mr. Fleming (Eglinton): It is very hard to be precise in these matters. I am sure management, alike of Canadian National Railways and Trans-Canada Air Lines, did their best to make an accurate forecast both of operating revenues and operating expenses when the budgets for the two companies were prepared and submitted early in 1960. The operating revenues of Trans-Canada Air Lines were about $4 million less than the budget anticipated. The operating expenses, including depreciation, were about $2 million less and the interest payable was about $2.2 million less than anticipated in the budget.

Mr. Carter: Mr. Chairman, I am getting a little tired of the aspersions that the hon. member for Port Arthur is making against Mr. Gordon. I have no brief for Mr. Gordon, but I believe in fair play and certainly the answer to the question that he asked the minister should be within his understanding.

I should like to elaborate on what the minister has said. It is well known to everyone that Trans-Canada Air Lines gets most of its revenue from carrying passengers while the revenue of Canadian National Railways comes mostly from the carriage of freight traffic. With the slowdown in our economy there has been a falling off in traffic, and I should think that accounts mainly for the difference in the forecasts between Trans-Canada Air Lines and Canadian National Railways.

Item agreed to.

744. Reimbursement of Department of Transport stores account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $62,514.

Mr. Hellyer: Will the minister indicate the nature of the stores referred to in this item?

Mr. Fleming (Eglinton): The list includes stores that were written off as obsolete or unserviceable totalling $52,569. This includes telecommunication spare parts, automotive spare parts, paints, metal and castings, food, printing and stationery forms, general hardware, plumbing supplies, electrical equipment and miscellaneous. Then there were some smaller amounts of losses. There was a write-off on stocktaking of $3,360.45, a further loss of $2,607.03 on account of thefts or other causes and, finally, stores destroyed to the value of $3,976.72.

Mr. Hellyer: I should like to ask the minister whether he thinks it would be practical to include some of this basic information in the details of these votes. If he will consult what purport to be the details he will find that exactly the same information is given as is listed under the item. It seems

rather wasteful and redundant to print details when the information given is no different from that contained under the item itself. I would ask the minister if it would be possible to alter the practice and, if not, what the purpose is in printing details.

Mr. Fleming (Eglinton): The question of the form of the estimates is receiving study on the part of the committee on public accounts. The present form of the estimates, and this applies particularly to the main estimates, dates back about ten years. With respect to the point raised by the hon. member for Trinity, the estimates simply follow the form which has been in effect now for ten years. This matter is being studied in the public accounts committee and, as I have some responsibility in relation to the form in which estimates are presented to the house, I can assure the committee of my wish to co-operate fully with the public accounts committee.

Mr. Cardin: Can the minister inform the committee whether it is the practice of the government to make these obsolete stores available for sale through Crown Assets Corporation?

Mr. Fleming (Eglinton): Yes, Mr. Chairman. Any that have any value, of course, are disposed of through Crown Assets Corporation. We are only too glad to realize something on them when they have any value.

Item agreed to.

Civil aviation branch—

746. Control of civil aviation including the administration of the Aeronautics Act and Regulations issued thereunder—further amount required, $58,000.

Mr. Fisher: Mr. Chairman, we have heard a great deal lately, although I do not believe the matter has been the subject of discussion in the house, about the inability of the Department of Transport through this branch, I believe, to collect revenue from a number of international carriers to whom services are provided through various facilities under the control of the civil aviation branch. So far there has been no indication that this money is going to be collectible. I just wonder if the minister is in a position to give us any kind of report on this situation, and whether it is costing the department a considerable amount of money and effort, in terms of the service of its employees, to track down these people.

Mr. Fleming (Eglinton): This subject, Mr. Chairman, at the present time is undergoing study by the international air transportation association. Beyond that I really cannot go at the present time. This item, of course, relates to the provision of funds for increased travelling expenses, hangar rentals at Malton airport and training for inspectors of civil aviation.

Item agreed to.

747. Construction or acquisition of buildings, works, land and equipment—to extend the purposes of vote 446 of the main estimates, 1960-61, to provide authority to charge to that vote the cost of lands purchased by means of loans provided for the acquisition of land required to control properties in the vicinity of main terminal airports in order to prevent the erection of hazards to flying and for future development of new and existing main terminal airports including facilities for relieving congestion thereat, $1.

Mr. Fisher: Mr. Chairman, I should like to shout "author", here if I were permitted to do so. I should like to know who is the author of the item which reads:

To extend the purposes of vote 446 of the main estimates, 1960-61, to provide authority to charge to that vote the cost of lands purchased by means of loans provided for the acquisition of land required to control properties in the vicinity of main terminal airports in order to prevent the erection of hazards to flying and for future development of new and existing main terminal airports including facilities for relieving congestion thereat.

Perhaps the minister would give us an interpretation of that item.

Mr. Fleming (Eglinton): I am told, Mr. Chairman, that the author of this composition is the solicitor to the treasury.

Mr. Fisher: What does it mean?

Mr. Fleming (Eglinton): This item is one in which I am not asking for any additional money. It is one of these one dollar items. What is sought is the extension of the terms of the vote contained in the Appropriation Act so as to include new services that were not previously covered. The vote in the main estimates was No. 491, which authorized loans up to $3 million to be used for the acquisition of lands to prevent the erection of hazards to flying in connection with future airport development. This is an annual item and has been in the estimates each year since the fiscal year 1954-55, when the major airport construction program was started. At the moment, land to a total value of more than $1 million is on the asset side of the balance sheet. It is proposed to transfer to current account the cost of these lands which were initially purchased through the loans account and which it is not intended to resell. It is for this purpose that this legislative authority is required.

As I say, there is no money involved beyond the nominal one dollar. It is a matter of providing legislative authority for the transfer of these lands to the current account.

Item agreed to.

Canadian maritime commission—

750. Steamship subventions for coastal services, as detailed in the estimates—further amount required, $692,779.

Mr. Fisher: Mr. Speaker, I should like to know whether this amount is to subsidize the ferry from Yarmouth, Nova Scotia, to Rockland, Maine, and does it refer to the ship, *City of Havana*?

Mr. Fleming (Eglinton): No, Mr. Chairman, it relates to the motor vessel *Bluenose*.

Mr. Fisher: I understand the Nova Scotia government is considering requesting subsidies for the three summer months for a service to supplement the service provided by the *Bluenose* on this particular run. I understand, further, that the ship in question is a foreign owned ship, the *City of Havana*. I just wondered whether or not the fact that this amount is in the estimates would indicate that no request came to the federal government for support for this ferry, the *City of Havana*?

Mr. Fleming (Eglinton): I do not know about the *City of Havana* by name, but this item of $6,000 is payable to the contractor, Himmelman Supply Company Limited, for supplying transportation between Yarmouth and Rockland, Maine, for the carriage of fish, mainly lobsters, while the ferry service from Yarmouth to Bar Harbor was suspended during the annual refit of the *Bluenose*.

Item agreed to.

DEPARTMENT OF VETERANS AFFAIRS

754. Treatment and other allowances—further amount required, $50,000.

Mr. Hellyer: I wish to draw to the attenition of the committee the necessity, in considering this item, to consider the revision of the War Veterans Allowance Act. The changes which were recently made in the Pensions Act have resulted in pensioners being cut off from the supplements provided by the war veterans allowance and, worse than that, these pensioners no longer receive certain medical benefits which were previously available to them.

I should like to suggest that the committee urge upon the government an early reconsideration of the War Veterans Allowance Act so that these people, who in many cases are very much in need, will receive proper consideration.

Mr. Winkler: I should like to say to the committee that this suggestion was made on numerous occasions during the consideration of the amendments to the Pensions Act. If one refers to *Hansard*, one will find that this request was made by most hon. members who spoke.

Item agreed to.

Resolutions adopted in committee of supply this day reported and concurred in.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

Mr. Fleming (Eglinton) moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1961, the sum of $182,230,741 be granted out of the consolidated revenue fund.

Motion agreed to.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-80, for granting to Her Majesty certain sums of money for the public service for the fiscal year ending the 31st March, 1961.

Motion agreed to, bill read the first and second times, considered in committee, reported, read the third time and passed.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, will you allow me to thank the house and the committee of supply for the co-operation that has been extended to this measure today by all hon. members. The proceedings could not have been carried to a conclusion without the co-operation of all hon. members in all parts of the house. I should just like to say that the adoption of the bill today, assuming that it is adopted in another place and receives royal assent this afternoon, means that it will now be possible to proceed with the issuance of approximately 150,000 cheques to veterans as well as others for payment of salaries and accounts. This can now be done.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING INVESTMENT AND OTHER POWERS

Hon. Donald M. Fleming moved that the house go into committee to consider Bill No. S-5, to amend the Canadian and British Insurance Companies Act.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

On clause 1—*"British Company"*.

Mr. Fleming (Eglinton): May I just remind hon. members that this bill, following second reading on March 7, was referred to the

standing committee on banking and commerce. It has received at the hands of that committee a thorough review and has been reported back now without amendment. Not only was the committee assisted by Mr. MacGregor, the superintendent of insurance, but also there appeared before the committee representatives of the Canadian Life Officers Association. If I may paraphrase their statements to the committee, they indicated their satisfaction with the bill and hoped it might be passed.

Clause agreed to.

Clauses 2 to 11 inclusive agreed to.

On clause 12—*Municipal, etc., securities.*

Mr. Hellyer: Before this clause carries, I should like to repeat my conviction with regard to the change in paragraph 5(b) as to the allowable mortgage which one of these companies may make on a dwelling unit. The amount has now been increased from 60 per cent to 66⅔ per cent. I am convinced that this increase is too small and that the government should have recommended to this House of Commons a more liberal evaluation. I have made the point in this chamber previously that the experience in other countries has shown that loans up to 75 per cent of the appraised value of the unit have been repaid without any serious losses. The experience there has proven beyond peradventure of a doubt that a much higher percentage of loan would be in order in the type of economic system that we presently enjoy.

I think it is a step in the right direction to increase the percentage from 60 per cent to 66 and ⅔ per cent. I think the mere fact that it was unanimously recommended by the insurance companies is an indication of what a conservative move it is. I know that many of these companies individually would have preferred to see the limit set much higher. Whereas last year in the house I suggested that an 80 per cent loan would be realistic under existing circumstances, I think that perhaps a compromise on 75 per cent at this time would be fairly generally agreeable.

May I state that I personally regret that the government has not seen fit to recommend a higher percentage than that included in this bill. I hope that the government, with the advice of the inspector, will see fit to recommend to the House of Commons in the near future a further revision which will increase the allowable loan at that time at least to 75 per cent of the appraised value.

Mr. Fleming (Eglinton): I merely point out that to the knowledge of the insurance department no company has asked us for more than that 66⅔ per cent.

Clause agreed to.

Clauses 13 to 36 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

FOREIGN INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING CLASSES OF ASSETS THAT MAY BE HELD

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider Bill No. S-6, to amend the Foreign Insurance Companies Act.

Motion agreed to, bill considered in committee, reported, read the third time and passed.

THE ROYAL ASSENT

Hon. Gordon Churchill (Minister of Veterans Affairs): Mr. Speaker, I wonder whether the sitting of the house could be suspended until you yourself resummon it at about a quarter to six o'clock.

Mr. Speaker: Is it agreed that the house be suspended at the call of the Chair?

Some hon. Members: Agreed.

Mr. Speaker: To be signified by the ringing of the bell?

Some hon. Members: Agreed.

SITTING SUSPENDED

At 4.55 p.m. the sitting of the house was suspended during pleasure.

SITTING SUSPENDED

The house resumed at 6.05 p.m.

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

Government House, Ottawa,
29th March, 1961

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 29th March, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,

E. Joly De Lotbiniere
Assistant Secretary to the
Governor General

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

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

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

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act to incorporate International Brain Research Organization.

An act to amend the Fire Losses Replacement Account Act.

An act to amend the Tariff Board Act.

Royal Assent

An act respecting Canadian Pacific Railway Company.

An act to amend the Coastal Fisheries Protection Act.

An act to amend the Income Tax Act.

An act to incorporate Canadian Pioneer Insurance Company.

An act respecting Canadian General Insurance Company.

An act to amend the Canadian and British Insurance Companies Act.

An act to amend the Foreign Insurance Companies Act.

An act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1962.

An act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1961.

At 6.30 p.m. the house adjourned, without question put, pursuant to special order, until Monday, April 10.

Questions

ANSWERS TO QUESTIONS

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

MR. DACOUGNA, FRENCH GUIANA—IMMIGRANT STATUS

Question No. 124—**Mr. Argue:**

1. Was Mr. Dacougna of French Guiana, who sought entry to Canada on September 22, 1960, considered to be a non-bona fide immigrant or non-immigrant?
2. If so, on what grounds?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1 and 2. Mr. Dacougna was ordered deported on the grounds that he was not, in the opinion of the special inquiry officer, a bona fide non-immigrant. (See section 5(p) of the Immigration Act.) At the time of his arrival in Canada he had insufficient funds to maintain himself for more than a few days. He gave several different reasons for coming to Canada, including one that he was seeking medical treatment (for which he did not have the funds to pay), and another that he was intending to marry a resident of Canada. His intended fiancée was known to him only through correspondence. Two previous applications for his permanent admission to Canada had been refused, on the grounds that he did not come within the admissible classes of immigrants whose admission is authorized by the Immigration Act and regulations. From the evidence given at the inquiry, the special inquiry officer came to the conclusion that, if Mr. Dacougna were allowed temporary entry to Canada, he might then seek to remain here. On these grounds, since Mr. Dacougna was not in the opinion of the special inquiry officer a bona fide non-immigrant, deportation was ordered.

NATIONAL EMPLOYMENT SERVICE—UNPLACED APPLICANTS

Question No. 143—**Mr. McIlraith:**

How many unplaced applicants were registered with the national employment service on the last date for which the information is available in each of the following cities:—Sydney, N.S.; Halifax, N.S.; Saint John, N.B.; Montreal, Que.; Vancouver, B.C.; Edmonton, Alta.; Calgary, Alta.; Winnipeg, Man.; Port Arthur-Fort William, Ont.; Toronto, Ont.; Hamilton, Ont.; Windsor, Ont.?

Answer by: **Hon. Michael Starr (Minister of Labour):**

Number of persons registered for employment at local offices of the national employment service on March 16, 1961.

Local Office	Number Registered
Sydney, N.S.	6,888
Halifax, N.S.	6,976
Saint John, N.B.	3,586
Montreal, P.Q.	90,646
Vancouver, B.C.	37,763
Edmonton, Alta.	21,187
Calgary, Alta.	13,467
Winnipeg, Man.	28,613
Port Arthur, Ont.	6,422
Fort William, Ont.	4,248
Toronto, Ont.	65,339
Hamilton, Ont.	20,806
Windsor, Ont.	11,976

C.N.R. AUTOMATIC YARD CONSTRUCTION

Question No. 145—**Mr. Badanai:**

1. How many automatic yards are being built by the Canadian National Railways?
2. What are the locations of these yards?
3. What is the cost of each?
4. How many men will these yards displace?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

The management of Canadian National Railways advise as follows:

1. Four.

2 and 3.

Location	Estimated cost (millions)
Moncton	$15.0 (includes diesel shop)
Montreal	32.2 (includes diesel shop)
Toronto	43.0 (includes diesel shop and proposed freight shed
Winnipeg	24.2 (includes diesel shop)

4. The yards are being constructed to provide faster and better service to customers through greater efficiency in operations with the objective of producing increased railway traffic volume, which would, of course, maintain or enlarge employment opportunities. As each yard nears completion, yard masters, yard foremen, switch tenders and clerical forces are being retrained in the new skills required. When the yards are fully operational, adjustments will occur some of which will be taken care of by normal attrition. At the same time, retraining measures are being undertaken to provide, wherever possible, alternate employment. Therefore, the displacements which may actually occur are not immediately ascertainable.

D.B.S.-LABOUR STATISTICS—JOINT MONTHLY RELEASE

Question No. 152—**Mr. Pitman:**

1. Has there been any change in the distribution of the joint monthly release of the Department of Labour and the dominion bureau of statistics over the last six months?

2. If so, what are the reasons?
3. Are the official monthly national employment service figures available from the regional offices of the national employment services?
4. Are national employment service figures broken down into categories, such as unskilled, clerical, etc?
5. If so, are these statistics available through local national employment service offices?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1. No.

2. Not applicable.

3. Figures representing the total number of persons registered for employment with local offices of the national employment service are released from time to time.

4. For internal operational purposes these figures are broken down into a number of occupational categories.

5. See 3 and 4.

Note: When compiled, national figures on registrations for employment are published in the *Labour Gazette,* broken down into several occupational categories.

UNEMPLOYMENT INSURANCE—LOCAL OFFICE REPORTS TO OTTAWA

Question No. 153—**Mr. Pitman:**

1. How often do the local offices of the unemployment insurance commission report to Ottawa on such administrative matters as registrations, refunds, claimants, etc?

Questions

2. Is this information compiled monthly?
3. If so, when in each month is it made available to the government?
4. Are these statistics normally made available to persons outside those employed in government service?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1. Reports containing information as to the number of claims registered, the disposition of these claims, the number of active claimants, etc., are made monthly by local offices to Ottawa. No reports of refunds are made to Ottawa as these are dealt with at regional offices.

2. Yes.

3 and 4. The information regarding claims is contained in the "Statistical Report on the Operation of the Unemployment Insurance Act", published by the dominion bureau of statistics usually within seven weeks of the end of the month to which the material pertains. This report is available to the public on a subscription basis.

DRY MILK AND MILK POWDER IMPORTS

Question No. 158—**Mr. Boulanger:**

1. Has Canada imported dry whole milk and skim milk powder in the years 1959 and 1960?
2. If so, how many pounds, and from what country?

Answer by: **Hon. George H. Hees (Minister of Trade and Commerce):**

1 and 2.

Statistics on imports of skim powdered milk and whole powdered milk during 1959 and 1960

Commodity and statistical class number	Country	Calendar Year 1959 Quantity	1959 Value	1960 Quantity	1960 Value
		Lb.	$	Lb.	$
Milk, skim, powdered (2280)	Switzerland	926	548	977	581
	United States	36,040	5,934	32,538	4,500
	Total	36,966	6,482	33,515	5,081
Milk, whole, powdered (2286)	Ireland	—	—	11,200	2,900
	New Zealand	22,400	5,585	115,360	25,488
	United States	120,099	41,023	76,492	26,276
	Total	142,499	46,608	203,052	54,664

CORN FODDER IMPORTS FROM U.S.

Question No. 162—**Mr. Boulanger:**

What quantities of corn fodder were imported from the United States during 1959 and 1960?

Answer by: **Hon. George H. Hees (Minister of Trade and Commerce):**

1. Statistics not available.

Imports of corn fodder are included in a number of statistical classes, for example: 167, "Indian corn", 1836, "Vegetable products n.o.p., other than food"; 1843, "Vegetable flour n.o.p., not edible".

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL DEFENCE

Mutual aid—

708. Contributions to infrastructure and military costs of the North Atlantic Treaty Organization—further amount required, $740,000.

General services—

709. Grants to assist in the construction of the soldiers' memorial hospital at Middleton, Nova Scotia—further amount required, $70,588.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

National health branch—

Health services, including assistance to the provinces—

710. To authorize general health grants to the provinces, the Northwest Territories and the Yukon Territory upon the terms and in the amounts detailed in the estimates—further amount required, $6,000,000.

711. Administration of the Opium and Narcotic Drugs Act—further amount required, $35,000.

General—

712. Grants to health and welfare and related organizations, as detailed in the estimates—further amount required, $10,000.

DEPARTMENT OF NATIONAL REVENUE

Customs and excise division—

713. To provide that Joseph Napoleon Armand Berthiaume (otherwise known as Joseph Alfred Roland Gariepy) is deemed to have been an employee of the crown in the Department of National Revenue, customs and excise division, and continuously employed during the period between May 16, 1927 and June 17, 1960 inclusive, $1.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

714. Customs duty and sales tax on pipe-lines and oil purchased from the United States government, pursuant to vote 619 of the Appropriation Act No. 1, 1960, $486,588.

Water resources branch—

715. Construction of a fishway on the Yukon river at the site of the hydroelectric power development being constructed by the Northern Canada power commission for the Whitehorse area, $5,290.

Northern administration branch—

716. Branch administration—to extend the purposes of vote 282 of the main estimates for 1960-61 to include a grant of $2,000 to assist in defraying the expenses of the first international symposium on Arctic geology and to provide a further amount of $16,000.

Yukon Territory—

717. Operation and maintenance—to extend the purposes of vote 287 of the main estimates for 1960-61 to include the grant and the contribution detailed in these estimates, $115,000.

Northwest Territories and other field services—

718. Operation and maintenance—to extend the purposes of vote 289 of the main estimates for 1960-61 to include the grants detailed in these estimates, $62,300.

POST OFFICE DEPARTMENT

719. Transportation—movement of mail by land, air and water, including administration—further amount required, $1,232,000.

PRIVY COUNCIL

Special—

720. Expenses of the royal commission on railway problems—further amount required, $10,800.

721. Expenses of the royal commission on coal—further amount required, $9,870.

722. Expenses of the royal commission on the Great Slave Lake Railway—further amount required, $2,150.

PUBLIC PRINTING AND STATIONERY

723. Printing of *Canada Gazette*—further amount required, $17,000.

724. Printing and binding the annual statutes—further amount required, $3,000.

725. Reimbursement of the Queen's printer's advance account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $41,467.

DEPARTMENT OF PUBLIC WORKS

Public buildings construction and services—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

726. Nova Scotia, $7.

727. Manitoba, $1.

728. Saskatchewan, $1.

Harbours and rivers—

Engineering services—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amount required—

729. British Columbia and Yukon, $1.

NATIONAL CAPITAL COMMISSION
(formerly under privy council)

730. Administration, and operation and maintenance of parks, parkways and grounds adjoining government buildings at Ottawa and Hull—further amount required, $66,500.

731. Interest charges on outstanding loans that were made for the purpose of acquiring property in the national capital region—further amount required, $140,000.

ROYAL CANADIAN MOUNTED POLICE

Land, air and training divisions—

732. Operation and maintenance—further amount required, $224,500.

Marine services—

733. Construction or acquisition of buildings, works, land and equipment—further amount required, $31,704.

Pensions and other benefits—

734. Government's contribution to the Royal Canadian Mounted Police superannuation account (formerly the Royal Canadian Mounted Police pension account)—further amount required, $34,117.

DEPARTMENT OF TRADE AND COMMERCE

A—Department—

General administration—

735. To amend vote 692 of the Appropriation Act No. 5, 1958, by adding thereto the words "and to

ratify orders in council PC. 2701 of May 16, 1952, P.C. 1954-1040 of July 6, 1954, P.C. 1955-35/1033 of July 7, 1955, and P.C. 1956-1267 of August 15, 1956, providing for increases in such rate as therein authorized, and order in council P.C. 1958-875 providing that such rate be $16,500 per annum", $1.

Trade commissioner service—

736. Administration and operation—further amount required, $100,000.

737. Exhibitions branch—further amount required, $95,000.

DEPARTMENT OF TRANSPORT

A—Department—

Marine services—

Aids to navigation—

738. Administration, operation and maintenance —further amount required, $46,130.

Railway and steamship services—

Payments to the Canadian National Railway Company (hereinafter called the company) upon applications approved by the Minister of Transport, made by the company to the Minister of Finance, to be applied by the company in payment of the deficits, certified by the auditors of the company, arising in the operations in the calendar year 1960—further amounts required—

739. Prince Edward Island car ferry and terminals, $322,464.

740. Newfoundland ferry and terminals, $22,820.

741. Canadian National Railways deficit, 1960—amount required to provide for payment to the Canadian National Railway Company (hereinafter called the National Company) upon applications approved by the Minister of Transport, made by the National Company to the Minister of Finance, and to be applied by the National Company in payment of the system deficit (certified by the auditors of the National Company) arising in the calendar year 1960, subject to recovery therefrom of accountable advances made to the National Company from the consolidated revenue fund, $67,496,777.

Pensions and other benefits—

742. Supplemental pension allowances to former employees of Newfoundland railways, steamships and telecommunication services transferred to Canadian National Railways—further amount required, $12,652.

General—

743. Trans-Canada Air Lines deficit, 1960—amount required to provide for payment to Trans-Canada Air Lines (hereinafter called the company) upon applications approved by the Minister of Transport, made by the company to the Minister of Finance, and to be applied by the company in payment of the deficit (certified by the auditors of the company) arising in the calendar year 1960, subject to recovery therefrom of accountable advances made to the company from the consolidated revenue fund, $2,607,350.

744. Reimbursement of Department of Transport stores account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $62,514.

Air services—

Administrative branch—

745. Construction services administration—further amount required, $25,000.

Civil aviation branch—

746. Control of civil aviation including the administration of the Aeronautics Act and Regulations issued thereunder—further amount required, $58,000.

747. Construction or acquisition of buildings, works, land and equipment—to extend the purposes of vote 446 of the main estimates, 1960-61, to provide authority to charge to that vote the cost of lands purchased by means of loans provided for the acquisition of land required to control properties in the vicinity of main terminal airports in order to prevent the erection of hazards to flying and for future development of new and existing main terminal airports including facilities for relieving congestion thereat, $1.

748. Grants for the development of civil aviation, in the amounts detailed in the estimates—further amount required, $130,000.

Special—

749. Gift of furnishings to the headquarters of the world meteorological organization at Geneva, Switzerland, $1,006.

B—General—

Canadian maritime commission—

750. Steamship subventions for coastal services, as detailed in the estimates—further amount required, $692,779.

DEPARTMENT OF VETERANS AFFAIRS

Treatment services—

751. Hospital construction, improvements, equipment, and acquisition of land—further amount required, $695,000.

752. Prosthetic services—supply, manufacture and administration—further amount required, $25,000.

War veterans allowances and other benefits—

753. Assistance fund (war veterans allowances)—further amount required, $100,000.

754. Treatment and other allowances—further amount required, $50,000.

Canadian pension commission—

755. Pensions for disability and death, including pensions granted under the authority of the civilian government employees (war) compensation order, P.C. 45/8848 of November 22, 1944, which shall be subject to the Pension Act, and including Newfoundland, special awards—further amount required, $2,200,000.

756. Gallantry awards—world war II and special force—further amount required, $500.

Soldier Settlement and Veterans' Land Act—

757. Grants to Indian veterans settled on Indian reserve lands under section 39 of the Veterans' Land Act—further amount required, $2,000.

758. To authorize, subject to the approval of the governor in council, necessary remedial work on properties constructed under individual firm price contracts and sold under the Veterans' Land Act and to correct defects for which neither the veteran nor the contractor can be held financially responsible; and for such other work on other properties as may be required to protect the interest of the director therein—further amount required, $150.

Loans, investments and advances—

Canadian Broadcasting Corporation—

759. Advances to the Canadian Broadcasting Corporation, in accordance with such terms and conditions as the governor in council may approve, for the purpose of increasing working capital, $3,000,000.

DEPARTMENT OF JUSTICE

Penitentiaries—

760. To increase to $255,000 the amount that may be charged at any time to the revolving fund established by vote 543 of the Appropriation Act No. 3, 1953, and extended by vote 658 of the

Appropriation Act No. 5, 1958, for the purpose of financing the operation of canteens in federal penitentiaries; additional amount required, $200,000.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

National parks branch—

761. Loans to the Jasper recreation commission in the current and subsequent fiscal years, on such terms and conditions as the governor in council may approve, to assist in the construction of an ice arena, $25,000.

Northern administration branch—

762. Loans to the government of the Yukon Territory (hereinafter called the Territory) in the current and subsequent fiscal years, in accordance with such terms and conditions as the governor in council may approve, to enable that government to make second mortgage loans to residents of the territory for the purchase or construction of houses in the territory under the National Housing Act; and to authorize the commissioners of the territory in council, notwithstanding anything in the Yukon Act, to make ordinances in respect of the repayment by the government of the territory of loans made to it pursuant to this vote and in respect of the lending of money to residents of the territory for the purchase or construction of houses in the territory and the taking of security therefor by way of mortgage, $100,000.

763. Loans to the government of the Northwest Territories (hereinafter called the Territories) in the current and subsequent fiscal years, in accordance with such terms and conditions as the governor in council may approve, to enable that government to make second mortgage loans to residents of the territories for the purchase or construction of houses in the territories under the National Housing Act; and to authorize the commissioner of the territories in council, notwithstanding anything in the Northwest Territories Act, to make ordinances in respect of the repayment by the government of the territories of loans made to it pursuant to this vote and in respect of the lending of money to residents of the territories for the purchase or construction of houses in the territories and the taking of security therefor by way of mortgage, $100,000.

DEPARTMENT OF VETERANS AFFAIRS

Soldier Settlement and Veterans' Land Act—

764. Purchase of land and permanent improvement; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment; and protection of security under the Veterans' Land Act—further amount required, $600,000.

END OF VOLUME III